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STATE OF HAWAII

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

PREPARED BY
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
RUSSEL S. NAGATA, COMPTROLLER
STATE OF HAWAII

STATE OF HAWAII
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

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PART I: INTRODUCTION SECTION

STATE OF HAWAII

Principal Officials
for Finance-Related Functions

Governor	John Waihee
Director of Finance	Yukio Takemoto
Director of Taxation	Richard F. Kahle, Jr.
Director of Business and Economic Development	Roger A. Ulveling
Comptroller	Russel S. Nagata

Notes:

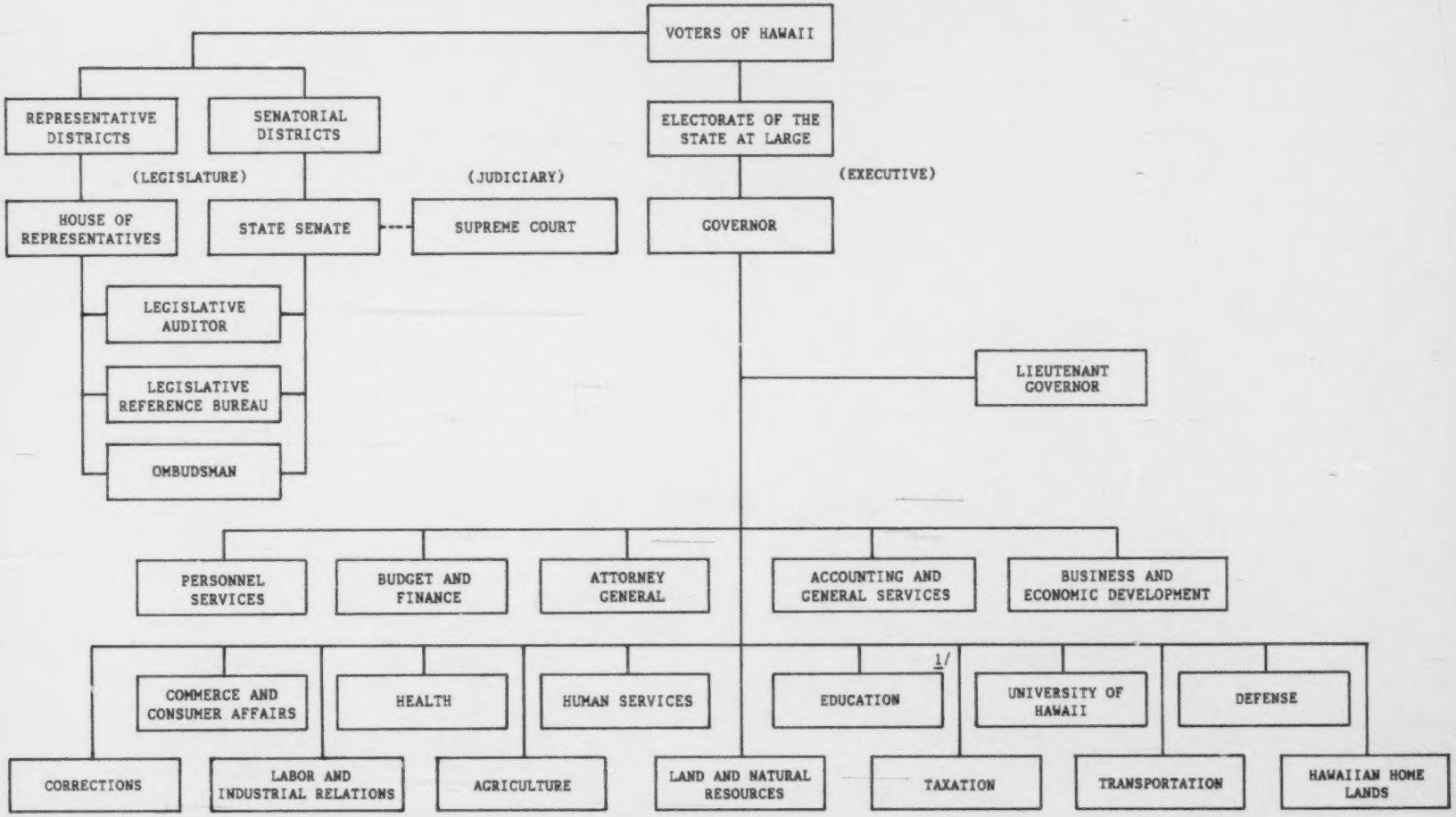
The Director of Finance is also department head of the Department of Budget and Finance.

The Comptroller is also department head of the Department of Accounting and General Services.

An organization chart including these and other departments and agencies of the State of Hawaii government is presented on the facing page.

STATE OF HAWAII

ORGANIZATION CHART



Note: Dotted line between the State Senate and the Supreme Court represents the Senate's confirmation power of the Governor's appointment of justices of the Supreme Court.

1/ Board of Education elected.

JOHN WAIHEE
GOVERNOR

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P. O. BOX 119
HONOLULU, HAWAII 96810-0119

RUSSEL S. NAGATA
COMPTROLLER

KEN KIYABU
DEPUTY COMPTROLLER

December 22, 1988

To the Honorable Governor of the State of Hawaii
To the Honorable Members of the Fifteenth State
Legislature of the State of Hawaii

In accordance with the provisions of Section 40-5 of the Hawaii Revised Statutes, it is my privilege to present to you the Comprehensive Annual Financial Report of the State of Hawaii (State) for the fiscal year ended June 30, 1988. This report has been prepared by the State's Department of Accounting and General Services. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the State. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the State as measured by the financial activity of its various funds and account groups; and that all the information necessary to enable the reader to gain the maximum understanding of the State's financial affairs has been included.

Accounting System and Budgetary Control

The State uses the modified accrual basis of accounting for the General, Special Revenue, Debt Service, Capital Projects, Expendable Trust and Agency Funds. Revenues are recognized when they become measurable and available to finance operations during the fiscal year or liquidate liabilities at the end of the fiscal year. Certain self-assessed taxes which consist of general excise, income, liquor and public service company taxes are recognized as receivables and deferred revenues when the tax returns are filed. The deferred revenues are recognized as revenues when payments are received. Revenues which are not considered susceptible to accrual and therefore are not accrued include fines, forfeitures and penalties, licenses, permits and franchises. Expenditures are recorded on the accrual basis of accounting when the related fund liability is incurred except for (1) interest on long-term obligations, which is recognized when payment is due, and (2) loans to foster economic growth and development, agriculture, and for housing for native Hawaiians, which are charged to expenditures when issued and repayments of which are recorded as revenues when received.

In developing and maintaining the State's accounting system, consideration is given to the effectiveness of the internal control structure. The internal control structure is designed to accomplish certain objectives of management including:

1. Transactions are executed in accordance with management's general and specific authorization.
2. Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets.
3. Access to assets is permitted only in accordance with management's authorization.

We believe that the State's internal control structure is effective in accomplishing management's objectives.

By statutory provision, the State prepares a biennium budget for its programs. Budgeted expenditures are derived primarily from the General Appropriations Act of 1987, as amended, and from other authorizations contained in the Hawaii Constitution, the Hawaii Revised Statutes and other specific appropriation acts in various Session Laws of Hawaii. Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated periodically during the fiscal year.

An allotment system and encumbrance accounting are utilized by the State for budgetary control purposes. Obligations in the form of purchase orders or contracts are recorded as encumbrances at the time purchase orders or contracts are awarded and executed. Open encumbrances are reported as reservations of fund balances at June 30, 1988. To the extent not expended or encumbered, General Fund and Special Revenue Funds appropriations subject to budgetary control generally lapse at the end of the fiscal year for which the appropriations were made. The State Legislature specifies the lapse date and any other particular conditions relating to terminating the authorizations for other appropriations.

The Reporting Entity and Its Services

This report includes the various funds and account groups comprising the State of Hawaii, including all entities that are controlled by or dependent on the State. The Employees' Retirement System of the State of Hawaii, which is administered on behalf of public employees for both the State and county governments, is not included in the State's general purpose financial statements since its assets are not available to the State.

With Hawaii's highly centralized State government, the State provides a full range of services as mandated by statute. These services include, but are not limited to, education (lower and higher), welfare, transportation (highways, airports and harbors), health, hospitals, public safety, housing, culture and recreation, economic development and conservation of natural resources.

General Governmental Functions

Revenues for general governmental functions are provided from the General, Special Revenue, Debt Service and Capital Projects Funds and totaled $2,590.3 million in fiscal 1988, representing an increase of 10.1% over fiscal 1987. The revenue from various major revenue sources and the increase over the previous fiscal year are presented in the following tabulation (expressed in millions):

Source	Fiscal 1988	Percent Of Total	Increase Over Fiscal 1987 Amount	Increase Over Fiscal 1987 Percent
Taxes	$ 1,927.3	74.4%	$ 149.4	8.4%
Intergovernmental revenues	363.9	14.1	39.2	12.1
Charges for current services	113.3	4.4	8.5	8.1
Interest and investment income	65.8	2.5	13.2	25.1
Other revenues	120.0	4.6	27.1	29.2
Total	$ 2,590.3	100.0%	$ 237.4	10.1%

The increase of $149.4 million in tax revenues from $1,777.9 million in fiscal 1987 to $1,927.3 million in fiscal 1988 was primarily comprised of general excise taxes (which increased $102.3 million), income taxes (which increased $87.8 million), liquor taxes (which decreased $92.0 million as a result of a one-time recognition of $95.6 million of previously protested liquor tax payments as revenues in fiscal 1987) and transient accommodations taxes (which increased $43.8 million, reflecting collections for the first complete year). The transient accommodations tax was levied pursuant to Act 340, Session Laws of Hawaii in 1986, effective January 1, 1987. Intergovernmental revenues increased $39.2 million from $324.7 million in fiscal 1987 to $363.9 million in fiscal 1988. Charges for current services increased $8.5 million from $104.8 million in fiscal 1987 to $113.3 million in fiscal 1988. Interest and investment income increased from $52.6 million in fiscal 1987 to $65.8 million in fiscal 1988, an increase of $13.2 million in fiscal 1988. Other revenues increased from $92.9 million in fiscal 1987 to $120.0 million in fiscal 1988, an increase of $27.1 million in fiscal 1988.

For further information on long-range trends in tax and non-tax revenues for general governmental functions, Part III contains a tabulation covering the last ten fiscal years (Schedule K-1).

Expenditures for general governmental functions totaled $2,196.6 million in fiscal 1988, representing an increase of 9.2% from fiscal 1987. The expenditures by function and the change from the previous fiscal year are presented in the following tabulation (expressed in millions):

Function	Fiscal 1988	Percent Of Total	Increase Over (Decrease From) Fiscal 1987 Amount	Percent
General government	$ 205.7	9.4%	$ 20.0	10.8 %
Public safety	120.8	5.5	(16.7)	(12.1)
Highways	136.2	6.2	18.5	15.7
Conservation of natural resources	37.0	1.7	13.4	56.8
Health	127.8	5.8	9.3	7.8
Welfare	392.5	17.9	51.2	15.0
Education	607.0	27.6	53.4	9.6
Culture and recreation	51.2	2.3	9.6	23.1
Urban redevelopment and housing	9.0	0.4	(4.7)	(34.3)
Economic development and assistance	86.5	3.9	17.2	24.8
Intergovernmental expenditures	32.9	1.5	1.5	4.8
Social security and pension contributions	105.4	4.8	(2.6)	(2.4)
Debt service	255.2	11.6	3.6	1.4
All others	29.4	1.4	11.1	60.7
Total	$ 2,196.6	100.0%	$ 184.8	9.2 %

For further information on long-range trends in the expenditures for general governmental functions, Part III contains a tabulation covering the last ten fiscal years (Schedule K-2).

The operations of the State's General Fund for fiscal 1988 resulted in an unreserved-undesignated fund balance of $470.6 million at June 30, 1988, compared with $339.1 million at June 30, 1987. The financial details of the General Fund's operations are included in the "Statement of Revenues, Expenditures and Changes in Unreserved-Undesignated Fund Balance - General Fund" in Part II.

Debt Administration

The amount of net general obligation bonded debt per capita is a useful indicator of the State's debt position to its citizens. The amount at June 30, 1988 was $1,454; a schedule with such information for the last ten fiscal years is presented in Part III of this report (Schedule K-3). The following table presents certain data regarding the general obligation bonds issued in fiscal 1988:

Date Of Issue	Series	Interest Rate	Maturity Date	Amount
December 1, 1987	BJ	6.750% - 7.70%	December 1, 1990/2007	$ 80,000,000
April 1, 1988	BK	6.125 - 7.50	April 1, 1991/2008	80,000,000

The general obligation bonds issued in fiscal 1988 were within the constitutional limitation established by the Constitutional Convention of 1978. The State Director of Finance's certification relative to the limitation is reproduced in Part III of this report.

The State's general obligation bonds have been rated Aa by Moody's Investors Service and AA by Standard and Poor's for a number of years.

The Airports System issued $85.0 million of its Airports System Revenue Bonds, Series of 1987, in October 1987. Information on the revenue bonds, for the last three fiscal years, is presented in the schedule contained in Part III of this report (Schedule K-8).

Cash Management

During fiscal 1988, the State earned $51.9 million for the General Fund by investing its temporary cash surpluses, an increase of $11.1 million from the amount earned in the previous fiscal year. The fiscal 1988 earnings represent an average investment yield of 5.70%, up from the 5.53% of the previous fiscal year.

Capital Projects Fund

Proceeds of general obligation bonds issued, primarily accounted for in the Capital Projects Fund, amounted to $159.5 million in fiscal 1988.

In accordance with the lapsing provisions of the various appropriations acts and laws relating to lapsing, capital improvement projects appropriations in the amount of $64.0 million lapsed during fiscal 1988. Authorized but unissued general obligation bonds totaled $266.3 million at June 30, 1988.

Enterprise Funds

The Enterprise Funds are comprised of the State's Airports, Harbors, Housing (comprised of Hawaii Housing Authority and Housing Finance and Development Corporation) and State Hospitals operations. Act 337, Session Laws of Hawaii of 1987, reorganized the Hawaii Housing Authority effective July 1, 1987. Act 337 transferred the housing finance, housing development and residential leasehold functions from the Hawaii Housing Authority to the Housing Finance and Development Corporation. The Housing Finance and Development Corporation was placed within the Department of Business and Economic Development for administrative purposes. The housing management function of the Hawaii Housing Authority remains with the Hawaii Housing Authority which continues to be administratively placed within the Department of Human Services.

The retained earnings of Airports increased from $233.5 million in fiscal 1987 to $305.0 million in fiscal 1988. Operating revenues increased from $117.3 million in fiscal 1987 to $150.1 million in fiscal 1988, and operating and depreciation expenses also increased from $71.6 million to $73.0 million between the respective periods. Outstanding bonds, included in long-term liabilities, at June 30, 1988 totaled $475.8 million, an increase from $415.8 million at June 30, 1987.

The retained earnings of Harbors increased from $83.4 million in fiscal 1987 to $90.3 million in fiscal 1988. Operating revenues increased from $26.5 million in fiscal 1987 to $27.1 million in fiscal 1988, and operating and depreciation expenses also increased from $17.3 million to $17.4 million between the respective periods. Outstanding bonds, included in long-term liabilities, at June 30, 1988 totaled $100.3 million, a decrease from $104.3 million at June 30, 1987.

As a result of the reorganization of the Hawaii Housing Authority, the deficit of $0.2 million in fiscal 1987 was distributed to Housing in the amount of a $2.6 million deficit and to the Special Revenue Funds in the amount of $2.4 million in retained earnings.

The July 1, 1987 deficit of $2.6 million, after reorganization of the Hawaii Housing Authority, decreased to $1.9 million for fiscal 1988. In fiscal 1988, operating revenues totaled $73.1 million and operating expenses including depreciation totaled $81.4 million. Contributions by the U. S. Department of Housing and Urban Development and subsidies from other funds totaled $8.0 million in fiscal 1988. Outstanding revenue bonds, included in long-term liabilities, totaled $365.4 million at June 30, 1988.

The combined fund balances of the thirteen State Hospitals decreased from $92.7 million in fiscal 1987 to $90.8 million in fiscal 1988. Combined operating revenues increased from $85.4 million in fiscal 1987 to $89.7 million in fiscal 1988, and combined operating expenses including depreciation also increased from $93.0 million to $102.1 million between the respective periods. Nonoperating revenues (expenses) and other financing sources, consisting primarily of subsidies from other funds, totaled $10.5 million in fiscal 1988.

University Funds

The combined fund balances of the University Funds increased from $622.9 million in fiscal 1987 to $667.1 million in fiscal 1988. In fiscal 1988, combined revenues and other additions totaled $168.5 million, and combined expenses and other deductions totaled $386.2 million. These represent increases from fiscal 1987 of $165.1 million and $361.8 million, respectively. Combined subsidies from other funds totaled $261.9 million in fiscal 1988, an increase from $233.0 million in fiscal 1987. Outstanding bonds totaled $33.8 million at June 30, 1988 and $34.6 million at June 30, 1987.

General Fixed Assets

The general fixed assets of the State are those used in the performance of general governmental functions. They exclude the fixed assets of the Enterprise Funds and University Funds. As of June 30, 1988, the general fixed assets amounted to $1,459,513,924. Depreciation on general fixed assets is not recorded in the State's records.

Employees Union Contracts

The State Constitution grants public employees in Hawaii the right to organize for the purpose of collective bargaining. Each of the ten recognized bargaining units, of which State employees are members, designates an employee organization as its exclusive representative in negotiations with the employer. All bargaining units have contractual agreements effective through June 30, 1989.

Independent Audit

Although State statutes do not require an annual audit of all fund types and account groups of the State, the State engaged a firm of independent certified public accountants to examine the State's general purpose financial statements for the fiscal year ended June 30, 1988. The Report of the Independent Certified Public Accountants has been included in Part II of this report.

Future Prospects

As of June 1988, the State's Council on Revenues has estimated General Fund tax revenues from all sources for fiscal 1989 to increase 7.9% from the actual General Fund tax revenues for fiscal 1988. Also, the General Fund Financial Plan prepared by the State Department of Budget and Finance projected for fiscal 1989 total resources of $2,116.0 million, total obligations of $2,168.3 million and an unreserved-undesignated General Fund balance of $418.3 million at June 30, 1989.

More detailed information immediately follows this transmittal letter:

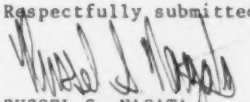
Part II - The financial statements and notes relating to the State's various funds and account groups.

Part III - Statistical and other schedules.

Acknowledgements

I wish to extend my appreciation to the staff of the various State agencies whose dedicated time and effort made the preparation of this report possible. Their combined efforts have produced a report that I believe will serve as a helpful source of information for anyone having an interest in the financial operations of our State.

Respectfully submitted,



RUSSEL S. NAGATA
Comptroller, State of Hawaii

PART II: FINANCIAL SECTION

KPMG Peat Marwick
Certified Public Accountants

Peat Marwick Main & Co.
P.O. Box 4150
Honolulu, HI 96812-4150

Independent Auditors' Report

Comptroller
State of Hawaii
Honolulu, Hawaii

We have audited the general purpose financial statements of the State of Hawaii as of and for the year ended June 30, 1988, as listed in the accompanying table of contents under Part II: Financial Section. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the Enterprise Funds financial statements, comprised of the Department of Transportation - Airports and Harbors Divisions, the Hawaii Housing Authority, the Housing Finance and Development Corporation and the State Hospitals. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Enterprise Funds, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Hawaii, at June 30, 1988, and the results of its operations and the changes in financial position of its Enterprise Funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Hawaii. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Peat Marwick Main & Co.

Honolulu, Hawaii
December 22, 1988

Member Firm of
Klynveld Peat Marwick Goerdeler

STATE OF HAWAII

EXHIBIT A-1

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1988

ASSETS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
CASH AND SHORT-TERM CASH INVESTMENTS	$ 761,699,709	$ 216,684,455	$ 12,318,427	$ 61,011,185
RECEIVABLES				
Taxes (note 4)	27,471,440	-	-	-
Accounts and accrued interest, net (note 4)	-	3,101	-	-
Notes and loans, net (note 4)	3,676,433	60,313,553	-	-
Federal Government	-	-	-	-
Other	123,500	-	-	-
DUE FROM OTHER FUNDS (note 15)	39,855	-	122,679	-
INVESTMENTS (note 5)	-	4,130,736	-	98,390,197
ADVANCES TO OTHER FUNDS (note 15)	13,799,828	-	-	-
INVENTORY:				
Materials and supplies	-	-	-	-
Dwelling unit inventory	-	-	-	-
RESTRICTED ASSETS (notes 6 and 11)	-	-	-	-
PROPERTY, PLANT AND EQUIPMENT (notes 7, 9 and 11)	-	-	-	-
AMOUNT AVAILABLE IN DEBT SERVICE FUNDS	-	-	-	-
RESOURCES TO BE PROVIDED IN FUTURE YEARS FOR RETIREMENT OF GENERAL LONG-TERM OBLIGATIONS	-	-	-	-
OTHER ASSETS				
Assets held by agents for State Deferred Compensation Plan (note 18)	-	-	-	-
Land held for future development	-	-	-	-
Unamortized bond issue costs	-	-	-	-
Loans for issued general obligation bonds (note 8)	-	-	247,948,195	-
Prepaid expenses	-	-	-	-
Other	-	25,152	-	-
TOTAL ASSETS	$ 806,810,765	$ 281,156,997	$ 260,389,301	$ 159,401,382

The accompanying notes are an integral part of the general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups			Total (Memorandum Only)
Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	University	
$ 239,928,781	$ 355,842,238	$ -	$ -	$ 51,851,065	$ 1,699,335,860
523,938	-	-	-	-	27,995,378
64,606,826	-	-	-	5,433,319	70,043,246
288,013,172	-	-	-	14,246,339	366,249,497
24,418,828	-	-	-	9,897,517	34,316,345
2,548,201	-	-	-	396,117	3,067,818
251,369	-	-	-	26,690,909	27,104,812
6,440,095	17,492,747	-	-	18,024,001	144,477,776
-	-	-	-	-	13,799,828
3,207,542	-	-	-	6,241,782	9,449,324
2,004,309	-	-	-	-	2,004,309
384,810,504	-	-	-	-	384,810,504
1,060,336,610	-	1,459,513,924	-	619,364,122	3,139,214,656
-	-	-	177,496,175	-	177,496,175
-	-	-	1,687,140,017	-	1,687,140,017
-	80,282,656	-	-	-	80,282,656
28,565,496	-	-	-	-	28,565,496
12,748,449	-	-	-	-	12,748,449
-	-	-	-	-	247,948,195
443,624	-	-	-	251,612	695,236
2,192,193	-	-	-	-	2,217,345
$ 2,121,039,937	$ 453,617,641	$ 1,459,513,924	$ 1,864,636,192	$ 752,396,783	$ 8,158,962,922

STATE OF HAWAII

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (Continued)
JUNE 30, 1988

LIABILITIES AND FUND EQUITY	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES				
Vouchers and contracts payable	$ 18,504,455	$ 14,957,267	$ -	$ 4,718,121
Other accrued liabilities	-	-	-	-
Prepaid airport use charge (note 16)	-	-	-	-
Claims and judgments payable (note 13)	-	-	-	-
Due to employees under State Deferred Compensation Plan (note 18)	-	-	-	-
Due to individuals, businesses and counties	-	-	-	-
Due to other funds (note 15)	25,315,188	-	-	942,554
Advances from other funds (note 15)	-	357,094	-	-
Due to Federal Government and others	-	-	-	-
Payable from restricted assets:				
Contracts payable, accrued interest and other	-	-	-	-
Matured revenue bonds and interest coupons payable	-	-	-	-
General obligation bonds payable (note 10)	-	-	-	-
Revenue bonds payable (note 11)	-	-	-	-
Due to other funds (note 15)	-	-	-	-
Matured bonds and interest payable	-	-	12,318,027	-
Notes, loans and installment contracts payable (notes 9 and 13)	-	-	-	-
Capital lease obligation (note 13)	-	-	-	-
Deferred revenue	27,471,440	-	-	-
Accrued vacation payable (note 13)	-	-	-	-
Security deposits	-	-	-	-
Liabilities collateralized by HUD annual contributions (note 11)	-	-	-	-
Revenue bonds payable (note 11)	-	-	-	-
General obligation bonds payable (notes 10 and 13)	-	-	-	-
Other	-	-	400	-
Total liabilities	71,291,083	15,314,361	12,318,427	5,660,675
FUND EQUITY (note 12)				
Investment in fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings - reserved	-	-	-	-
Retained earnings - unreserved	-	-	-	-
Fund balances (deficit):				
Federal grants refundable	-	-	-	-
Reserved for continuing appropriations	108,047,017	49,877,108	122,679	251,396,327
Reserved for receivables and advances	17,599,761	60,316,654	-	-
Reserved for investments	-	4,130,736	-	-
Reserved for Federal aid highway projects encumbrances	-	-	-	44,348,507
Reserved for unemployment compensation and others	-	25,152	-	-
Reserved for bond redemption	-	-	177,373,496	-
Reserved for loans to Enterprise and University Funds	-	-	70,574,699	-
Unreserved:				
Designated for future expenditures	139,312,523	33,410,567	-	-
Undesignated	470,560,381	118,082,419	-	(142,004,127)
Total fund equity	735,519,682	265,842,636	248,070,874	153,740,707
Commitments and contingencies (notes 16, 17 and 18)				
TOTAL LIABILITIES AND FUND EQUITY	$ 806,810,765	$ 281,156,997	$ 260,389,301	$ 159,401,382

Proprietary Fund Type	Fiduciary Fund Type	Account Groups			Total (Memorandum Only)
Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	University	
$ 12,890,609	$ 5,649,487	$ -	$ -	$ 10,354,990	$ 67,074,929
76,587,147	-	-	-	20,215,271	96,802,418
12,949,231	-	-	-	-	12,949,231
-	-	-	1,600,000	-	1,600,000
-	80,282,656	-	-	-	80,282,656
-	79,370,055	-	-	-	79,370,055
15,000	-	-	-	807,215	27,079,957
13,442,734	-	-	-	-	13,799,828
7,135,154	-	-	-	4,785,210	11,920,364
31,665,684	-	-	-	-	31,665,684
157,025	-	-	-	-	157,025
1,657,462	-	-	-	-	1,657,462
47,186,158	-	-	-	-	47,186,158
24,855	-	-	-	-	24,855
-	-	-	-	-	12,318,027
479,324	-	-	10,639,525	1,723,517	12,842,366
-	-	-	4,180,080	-	4,180,080
-	-	-	-	6,922,341	34,393,781
-	-	-	70,808,476	-	70,808,476
1,382,419	-	-	-	-	1,382,419
115,606,787	-	-	-	-	115,606,787
903,008,061	-	-	-	7,206,000	910,214,061
42,338,289	-	-	1,777,408,111	26,578,948	1,846,325,348
1,323,679	2,378,766	-	-	6,665,942	10,368,787
1,267,849,618	167,680,964	-	1,864,636,192	85,259,434	3,490,010,754
-	-	1,459,513,924	-	589,583,619	2,049,097,543
368,903,865	-	-	-	-	368,903,865
77,273,301	-	-	-	-	77,273,301
407,013,153	-	-	-	-	407,013,153
-	-	-	-	9,758,806	9,758,806
-	-	-	-	-	409,443,131
-	-	-	-	-	77,916,415
-	-	-	-	-	4,130,736
-	-	-	-	-	44,348,507
-	285,936,677	-	-	33,210,719	319,172,548
-	-	-	-	-	177,373,496
-	-	-	-	-	70,574,699
-	-	-	-	-	172,723,090
-	-	-	-	34,584,205	481,222,878
853,190,319	285,936,677	1,459,513,924	-	667,137,349	4,668,952,168
$ 2,121,039,937	$ 453,617,641	$ 1,459,513,924	$ 1,864,636,192	$ 752,396,783	$ 8,158,962,922

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES (DEFICIT) - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
REVENUES						
Taxes	$ 1,851,356,364	$ 75,962,082	$ -	$ -	$ 77,009,668	$ 2,004,328,114
Interest and investment income	54,682,351	11,110,886	-	-	23,457,120	89,250,357
Charges for current services	64,994,169	48,297,185	-	-	52,215	113,343,569
Intergovernmental	8,807,083	355,127,815	-	-	3,293,442	367,228,340
Rentals	4,745,032	5,923,000	-	-	-	10,668,032
Fines, forfeitures and penalties	12,717,553	1,618,156	-	-	-	14,335,709
Licenses and fees	3,434,134	816,754	-	-	-	4,250,888
Donations, contributions and deposits	-	-	-	-	8,019,012	8,019,012
Contributions from agencies participating in debt service requirements	-	-	39,543,015	-	-	39,543,015
Revenues from private sources	2,154,933	467,491	-	-	-	2,622,424
Other	33,296,360	15,326,742	-	-	9,337	48,632,439
Total revenues	2,036,187,979	514,650,111	39,543,015	-	111,840,794	2,702,221,899
OTHER FINANCING SOURCES						
Proceeds from general obligation bonds	-	-	-	159,452,192	-	159,452,192
Operating transfers in from other funds	39,543,015	3,012,955	255,181,587	42,764,052	-	340,501,609
Total other financing sources	39,543,015	3,012,955	255,181,587	202,216,244	-	499,953,801
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 2,075,730,994	$ 517,663,066	$ 294,724,602	$ 202,216,244	$ 111,840,794	$ 3,202,175,700

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES (DEFICIT) -
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
EXPENDITURES						
Current:						
General government	$ 183,670,045	$ 5,928,294	$ -	$ -	$ -	$ 189,598,339
Public safety	85,324,940	25,562,525	-	-	-	110,887,465
Highways	368,291	76,477,907	-	-	-	76,846,198
Conservation of natural resources	24,372,821	11,660,130	-	-	-	36,032,951
Health	103,653,960	18,592,595	-	-	-	122,246,555
Welfare	202,532,018	189,092,221	-	-	-	391,624,239
Lower education	452,938,793	81,512,983	-	-	-	534,451,776
Other education	8,041,518	4,799,591	-	-	-	12,841,109
Culture and recreation	32,730,663	9,207,326	-	-	-	41,937,989
Urban redevelopment and housing	-	3,838,830	-	-	-	3,838,830
Economic development and assistance	33,830,943	24,944,618	-	-	-	58,775,561
Intergovernmental	32,867,045	-	-	-	-	32,867,045
Social security and pension contributions	105,422,502	-	-	-	-	105,422,502
Expendable Trust Funds	-	-	-	-	65,023,097	65,023,097
Other	15,003,202	14,370,317	-	-	-	29,373,519
Capital outlay	-	-	-	194,656,893	-	194,656,893
Debt service	-	-	255,231,254	-	-	255,231,254
Total expenditures	1,280,756,741	465,987,337	255,231,254	194,656,893	65,023,097	2,261,655,322
OTHER FINANCING USES						
Operating transfers out to other funds	529,574,337	42,712,792	39,543,015	20,327,620	-	632,157,764
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,810,331,078	508,700,129	294,774,269	214,984,513	65,023,097	2,893,813,086
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 265,399,916	$ 8,962,937	$ (49,667)	$ (12,768,269)	$ 46,817,697	$ 308,362,614

STATE OF HAWAII

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES (DEFICIT) - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 265,399,916	$ 8,962,937	$ (49,667)	$ (12,768,269)	$ 46,817,697	$ 308,362,614
OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES						
Add:						
Continuing appropriations, July 1, 1987, as restated (note 21)	89,946,896	42,155,731	172,346	157,458,714	-	289,733,687
Unreserved-designated for future expenditures, July 1, 1987	23,476,792	30,437,625	-	-	-	53,914,417
Deduct:						
Continuing appropriations, June 30, 1988	108,047,017	49,877,108	122,679	251,396,327	-	409,443,131
Unreserved-designated for future expenditures, June 30, 1988	139,312,523	33,410,567	-	-	-	172,723,090
	(133,935,852)	(10,694,319)	49,667	(93,937,613)	-	(238,518,117)
Increase in reserve for Federal aid highway projects encumbrances, unemployment compensation and others	-	-	-	(12,374,485)	(46,817,697)	(59,192,182)
Total other changes in unreserved-undesignated fund balances	(133,935,852)	(10,694,319)	49,667	(106,312,098)	(46,817,697)	(297,710,299)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AND OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES	131,464,064	(1,731,382)	-	(119,080,367)	-	10,652,315
UNRESERVED-UNDESIGNATED FUND BALANCES (DEFICIT), JULY 1, 1987, AS RESTATED (note 21)	339,096,317	119,813,801	-	(22,923,760)	-	435,986,358
UNRESERVED-UNDESIGNATED FUND BALANCES (DEFICIT), JUNE 30, 1988	$ 470,560,381	$ 118,082,419	$ -	$ (142,004,127)	$ -	$ 446,638,673

STATE OF HAWAII

EXHIBIT A-3

COMBINED STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUNDS (Note 3)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	General Fund			Special Revenue Funds		
	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
REVENUES						
Taxes	$ 1,595,882,000	$ 1,946,978,765	$ 351,096,765	$ 74,298,000	$ 75,962,082	$ 1,664,082
Interest and investment income	33,545,500	54,682,351	21,136,851	7,745,350	11,110,886	3,365,536
Charges for current services	60,515,214	64,994,169	4,478,955	40,115,130	48,297,185	8,182,055
Intergovernmental	10,271,328	8,807,083	(1,464,245)	390,849,599	355,127,815	(35,721,784)
Rentals	4,779,970	4,745,032	(34,938)	4,604,567	5,923,000	1,318,433
Fines, forfeitures and penalties	11,598,791	12,717,553	1,118,762	470,500	1,618,156	1,147,656
Licenses and fees	3,799,523	3,434,134	(365,389)	382,000	816,754	434,754
Revenues from private sources	845,000	2,154,933	1,309,933	728,000	467,491	(260,509)
Other	3,203,416	33,296,361	30,092,945	7,122,000	15,326,742	8,204,742
Total revenues	1,724,440,742	2,131,810,381	407,369,639	526,315,146	514,650,111	(11,665,035)
OTHER FINANCING SOURCES						
Operating transfers in from other funds	39,646,200	39,543,015	(103,185)	-	3,012,955	3,012,955
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 1,764,086,942	$ 2,171,353,396	$ 407,266,454	$ 526,315,146	$ 517,663,066	$ (8,652,080)

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

COMBINED STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUNDS (Note 3)(Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	General Fund			Special Revenue Funds		
	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
EXPENDITURES						
Current:						
General government	$ 265,084,023	$ 217,363,198	$ 47,720,825	$ 15,315,855	$ 5,269,903	$ 10,045,952
Public safety	95,913,310	96,037,023	(123,713)	27,747,466	22,698,477	5,048,989
Highways	600,000	600,000	-	72,911,567	71,532,011	1,379,556
Conservation of natural resources	24,741,059	25,146,015	(404,956)	4,447,874	10,874,095	(6,426,221)
Health	127,890,913	124,913,926	2,976,987	24,317,951	27,064,363	(2,746,412)
Welfare	212,558,315	208,357,991	4,200,324	171,016,288	151,750,013	19,266,275
Lower education	455,487,610	459,324,845	(3,837,235)	61,025,760	80,658,080	(19,632,320)
Other education	8,157,153	8,510,937	(353,784)	3,777,355	4,875,168	(1,097,813)
Culture and recreation	38,541,665	38,111,310	430,355	10,894,887	9,274,224	1,620,663
Urban redevelopment and housing	11,200,001	11,185,001	15,000	-	-	-
Economic development and assistance	91,312,725	88,950,171	2,362,554	26,270,495	20,754,340	5,516,155
Intergovernmental	33,041,551	32,867,045	174,506	-	-	-
Social security and pension contributions	103,059,651	105,421,216	(2,361,565)	-	-	-
Other	9,513,126	9,155,564	357,562	14,141,487	14,043,996	97,491
Total expenditures	1,477,101,102	1,425,944,242	51,156,860	431,866,985	418,794,670	13,072,315
OTHER FINANCING USES						
Operating transfers out to other funds	532,718,581	530,903,459	1,815,122	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	2,009,819,683	1,956,847,701	52,971,982	431,866,985	418,794,670	13,072,315
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (245,732,741)	$ 214,505,695	$ 460,238,436	$ 94,448,161	$ 98,868,396	$ 4,420,235

STATE OF HAWAII

EXHIBIT A-4

COMBINED STATEMENT OF REVENUES AND EXPENSES -
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

OPERATING REVENUES	
Concession fees	$ 121,334,221
Sales of dwelling units	15,188,065
Patient service revenues (net of contractual allowance and adjustments of $13,498,097)	87,950,935
Airport use charge	6,805,471
Rentals	38,146,633
Aviation fuel tax	6,914,188
Services and others	18,696,371
Interest	41,684,581
Other	3,334,428
Total operating revenues	340,054,893
OPERATING EXPENSES	
Personal services	81,360,907
Nursing services	30,508,676
Interest	42,660,583
Depreciation	33,708,593
Repairs and maintenance	14,111,099
Cost of sales - dwelling units	11,508,528
Airports operations	11,623,104
Harbors operations	1,157,786
Fireboat operations	1,006,378
Loan servicing fees and amortization of bond issue costs	1,242,794
General administration	39,973,616
Other	4,965,086
Total operating expenses	273,827,150
Operating income	$ 66,227,743

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

COMBINED STATEMENT OF REVENUES AND EXPENSES -
ENTERPRISE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

NONOPERATING REVENUES (EXPENSES)	
Interest income	$ 21,156,156
Interest expense	(33,390,813)
Amortization of bond discount and issue costs	(96,971)
HUD annual contributions	7,510,261
Advances due to General Fund	(267,695)
Donations and grants	7,859
Other	(237,121)
Total nonoperating revenues (expenses)	(5,318,324)
Income before other financing sources and extraordinary item	60,909,419
OTHER FINANCING SOURCES	
Operating transfers in from:	
General Fund	7,801,296
Special Revenue Funds	42,826
Capital Projects Fund	3,837,620
Total other financing sources	11,681,742
Income before extraordinary item	72,591,161
EXTRAORDINARY ITEM - loss from early redemption of revenue bonds payable (note 19)	(625,927)
NET INCOME	$ 71,965,234

STATE OF HAWAII

EXHIBIT A-5

COMBINED STATEMENT OF CHANGES IN FUND EQUITY - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Contributed Capital	Retained Earnings	Total Fund Equity
BALANCE, JULY 1, 1987, AS PREVIOUSLY REPORTED	$ 344,159,306	$ 409,369,203	$ 753,528,509
Prior period adjustments (note 21)	(9,996,768)	(2,416,977)	(12,413,745)
BALANCE, JULY 1, 1987, AS RESTATED	334,162,538	406,952,226	741,114,764
Net income for the fiscal year	-	71,965,234	71,965,234
Federal and State grants	19,696,404	-	19,696,404
Transfer in from General Fund	1,563,426	-	1,563,426
Transfers in from Capital Projects Fund	16,490,000	-	16,490,000
HUD annual contributions	2,437,888	-	2,437,888
Increase in valuation allowance on investments in revenue bonds reserve account	-	(100,551)	(100,551)
Other	-	23,154	23,154
Transfer of depreciation	(5,446,391)	5,446,391	-
BALANCE, JUNE 30, 1988	$ 368,903,865	$ 484,286,454	$ 853,190,319

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

EXHIBIT A-6

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

SOURCES OF WORKING CAPITAL		
Operations:		
Income before extraordinary item	$	72,591,161
Items not requiring use of (providing) working capital:		
Depreciation		33,708,593
Amortization of bond discount and bond issue costs		1,071,138
Loss on disposal of facilities		5,437
Earnings on investment in direct financing leases and other		(94,510)
Amortization of deferred commitment fees		(498,367)
Recognition of deferred gain		(96,102)
Working capital provided from operations before extraordinary item		106,687,350
Extraordinary item:		
Loss from early redemption of revenue bonds payable		(625,927)
Add noncash amount related to write-off of deferred bond issue costs		625,927
Working capital provided from operations		106,687,350
Contributed capital - Federal and State grants		40,187,718
Revenue bond proceeds		99,950,000
Repayments of mortgage loans receivable		31,416,761
Repayments of notes and loans receivable		15,417,160
Increase in advances from General Fund		267,695
Net decrease in restricted assets		4,389,657
Increase in HUD secured liabilities		1,275,392
Increase in other advances		213,200
Disposal of property, plant and equipment		116,769
Decrease in deposit held in trust		899,077
Decrease in advances due from lessees		797,623
Increase in deferred commitment fees		280,594
Other		474,963
Total sources of working capital	$	302,373,959

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION - ENTERPRISE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

USES OF WORKING CAPITAL	
Additions to property, plant and equipment	$ 107,558,266
Redemptions and current maturities of long-term debt	62,073,442
Increase in investments	1,540,491
Additions to mortgage loans receivable	40,300,056
Increase in notes and loans receivable	1,035,922
Increase in land held for future development	2,722,751
Decrease in HUD-secured liabilities	3,077,638
Net transfers to restricted funds	2,589,549
Decrease in security deposits	1,370,776
Increase in bond issue costs	2,255,201
Net decrease in liabilities payable from restricted assets	5,818,473
Other	175,669
Total uses of working capital	230,518,234
NET INCREASE IN WORKING CAPITAL	$ 71,855,725
ELEMENTS OF NET INCREASE IN WORKING CAPITAL	
Current assets:	
Cash and short-term cash investments	62,488,497
Receivables	13,683,786
Due from other funds	3,913
Investments	(400,000)
Inventories	(2,308,537)
Unamortized bond issue costs, current portion	(29,243)
Prepaid expenses	(490,487)
Current liabilities:	
Vouchers and contracts payable	(2,294,340)
Other accrued liabilities	2,827,413
Prepaid airport use charge	968,851
Due to Federal Government, current portion	(1,182,323)
Notes payable, current portion	(200)
Liabilities collateralized by HUD annual contributions, current portion	(1,402,781)
General obligation bonds payable, current portion	38,252
Custodial funds and deposits	(47,076)
NET INCREASE IN WORKING CAPITAL	$ 71,855,725

COMBINED STATEMENT OF REVENUES, EXPENDITURES, INTERFUND TRANSFERS, OPERATING TRANSFERS AND CHANGES IN FUND BALANCES - UNIVERSITY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Current Funds		Loan	Endowment	Plant	
	Unrestricted	Restricted	Funds	Funds	Funds	Total
REVENUES AND OTHER ADDITIONS						
Educational and general revenues:						
Tuition and fees	$ 10,524,987	$ -	$ -	$ -	$ -	$ 10,524,987
Federal appropriations, grants and contracts	3,937,459	62,332,056	298,705	-	578,507	67,146,727
State and local grants and contracts	7,425	5,214,197	-	-	-	5,221,622
Private gifts, grants and contracts	-	5,775,815	-	696,058	1,995,214	8,467,087
Sales and services	4,760,683	261,038	-	-	-	5,021,721
Endowment income and others	230,682	821,488	-	-	-	1,052,170
Auxiliary enterprises revenues	34,948,477	-	-	-	-	34,948,477
Investment income	-	-	503,428	202,933	136,547	842,908
Expended for plant facilities	-	-	-	-	19,110,741	19,110,741
Contributions for plant facilities	-	-	-	-	10,197,905	10,197,905
Contributions for renewals and replacements	-	-	-	-	17,252	17,252
Contributions for debt retirement	-	-	-	-	993,871	993,871
Other	967,489	64,007	16,663	-	3,865,345	4,913,504
Total revenues and other additions	55,377,202	74,468,601	818,796	898,991	36,895,382	168,458,972
EXPENDITURES AND OTHER DEDUCTIONS						
Educational and general expenditures:						
Instruction	122,384,345	8,649,941	-	-	-	131,034,286
Research	34,575,239	41,644,733	-	-	-	76,219,972
Public service	11,343,795	10,961,996	-	-	-	22,305,791
Academic support	35,323,888	2,535,348	-	-	-	37,859,236
Student services	14,374,615	2,360,487	-	-	-	16,735,102
Institutional support	21,852,932	716,254	-	-	-	22,569,186
Operation and maintenance of plant	26,517,148	53,805	-	-	-	26,570,953
Scholarships and fellowships	294,921	6,375,042	-	-	-	6,669,963
Auxiliary enterprises expenditures	32,114,006	-	-	-	-	32,114,006
Independent operation expenditures	1,614,053	513,909	-	-	-	2,127,962
Expenditures for plant facilities	-	-	-	-	1,895,705	1,895,705
Loan cancellations, write-offs and allowance for uncollectible loans	-	-	616,656	-	-	616,656
Debt retirement and interest	-	-	-	-	2,821,791	2,821,791
Loss on sale of investments	-	-	-	-	117,968	117,968
Disposal and write-off of plant facilities	-	-	-	-	6,297,295	6,297,295
Other	69,970	19,724	141,248	-	5,047	235,989
Total expenditures and other deductions	$ 300,464,912	$ 73,831,239	$ 757,904	$ -	$ 11,137,806	$ 386,191,861

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

COMBINED STATEMENT OF REVENUES, EXPENDITURES, INTERFUND TRANSFERS, OPERATING TRANSFERS AND CHANGES IN FUND BALANCES - UNIVERSITY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Current Funds		Loan Funds	Endowment Funds	Plant Funds	Total
	Unrestricted	Restricted				
UNIVERSITY INTERFUND TRANSFERS (OUT) IN						
Mandatory:						
Principal and interest	$ (1,974,098)	$ -	$ -	$ -	$ 1,974,098	$ -
Renewals and replacements	(190,409)	-	-	-	190,409	-
Voluntary:						
Renewals and replacements	(1,726,452)	-	-	-	1,726,452	-
Quasi-endowment - unrestricted principal	(300,000)	(51)	-	300,051	-	-
Quasi-endowment - restricted principal	-	(459,624)	-	459,624	-	-
Reinvestment of endowment income	(230,892)	(182,524)	-	413,416	-	-
Contribution to Loan Funds	(498,712)	63,734	434,978	-	-	-
Other	330,358	(330,358)	-	-	-	-
Total University interfund transfers	(4,590,205)	(908,823)	434,978	1,173,091	3,890,959	-
OPERATING TRANSFERS IN (OUT)						
General Fund	261,842,580	172,493	-	-	-	262,015,073
Capital Projects Fund	-	-	-	-	(94,086)	(94,086)
Total operating transfers	261,842,580	172,493	-	-	(94,086)	261,920,987
Net increase (decrease) in fund balances	12,164,665	(98,968)	495,870	2,072,082	29,554,449	44,188,098
FUND BALANCES, JULY 1, 1987	22,419,540	3,557,731	15,697,943	21,244,867	560,029,170	622,949,251
FUND BALANCES, JUNE 30, 1988	$ 34,584,205	$ 3,458,763	$ 16,193,813	$ 23,316,949	$ 589,583,619	$ 667,137,349

1. Financial Statements Presentation

General:

The accompanying general purpose financial statements of the State of Hawaii (State) present the financial position of the various fund types and account groups, the results of operations of the various fund types and the changes in financial position of the Proprietary Fund Type as of and for the fiscal year ended June 30, 1988.

Definition of Reporting Entity:

The State has defined its reporting entity in accordance with National Council on Governmental Accounting (NCGA) Statement 3, as adopted by the Governmental Accounting Standards Board (GASB), "Defining the Governmental Reporting Entity." This statement provides guidance for determining which governmental activities, organizations and functions should be included in the reporting entity and how information about them should be presented. NCGA Statement 3 sets forth the exercise of oversight responsibility of a government's elected officials as the basic criterion for inclusion of a governmental unit in a governmental reporting entity.

The State's general purpose financial statements include the accounts of the State's operations. The State's operations are organized into the following branches and departments:

Executive:
- Accounting and General Services
- Agriculture
- Attorney General
- Budget and Finance
- Business and Economic Development
- Commerce and Consumer Affairs
- Corrections
- Defense
- Education
- Hawaiian Home Lands
- Health
- Human Services
- Labor and Industrial Relations
- Land and Natural Resources
- Personnel Services
- Taxation
- Transportation
- University of Hawaii

Judicial

Legislative

The State's general purpose financial statements do not reflect the financial position and results of operations of the Employees' Retirement System of the State of Hawaii (ERS) because oversight responsibility is held by the ERS Board of Trustees. The Board administers the ERS on behalf of public employees for both the State and county governments.

Fund Accounting:

The financial activities are recorded in individual funds classified by type and described in the following sections, each of which is deemed to be a separate accounting entity. The financial position and operations of each fund are accounted for in separate self-balancing accounts which represent the fund's assets, liabilities, equity, revenues and expenditures or expenses.

Account groups are used to establish accounting control and accountability for the State's general fixed assets and general long-term obligations. Account groups are not funds as they do not reflect available financial resources and related liabilities.

GOVERNMENTAL FUND TYPES

General Fund

Financial resources obtained and used for services traditionally provided by a state government, which are not accounted for in other funds, are accounted for in the General Fund.

Special Revenue Funds

Financial resources obtained from specific revenue sources and used for restricted purposes are accounted for in Special Revenue Funds.

Debt Service Funds

Financial resources obtained and used for the payment of interest and principal on general long-term bond obligations are accounted for in the Debt Service Funds.

Capital Projects Fund

Substantially all financial resources obtained and used for the acquisition or construction of State general fixed assets and facilities are reflected in the Capital Projects Fund. Such resources are derived principally from proceeds of general obligation bond issues, Federal grants and operating transfers from the Special Revenue Funds.

PROPRIETARY FUND TYPE

Enterprise Funds are comprised of:

- Department of Transportation - Airports Division (Airports) which operates the State airports and air navigation facilities and is responsible for general supervision of aeronautics within the State.
- Department of Transportation - Harbors Division (Harbors) which operates the State commercial harbors.
- Housing Funds (Housing) comprised of the Hawaii Housing Authority (HHA) and the Housing Finance Development Corporation (HFDC), which provide dwelling units for low- and moderate-income residents of the State.
- State Hospitals Fund (State Hospitals) account for the operations of the State hospitals and are comprised of the following:

Hilo Hospital
Honokaa Hospital
Ka'u Hospital
Kauai Veterans Memorial Hospital
Kohala Hospital
Kona Hospital
Kula Hospital
Lanai Community Hospital
Leahi Hospital
Samuel Mahelona Memorial Hospital
Maluhia Hospital
Maui Memorial Hospital and Hana Medical Center

The financial statements of the State Hospitals have been prepared in accordance with the American Institute of Certified Public Accountants (AICPA) Industry Audit Guide - Hospital Audit Guide.

FIDUCIARY FUND TYPE

Trust and Agency Funds

Transactions related to assets held by the State in a trustee or agency capacity are accounted for in the Trust and Agency Funds. Trust and Agency Funds are comprised of:

- Expendable Trust Funds account for assets held in trust to be expended for designated purposes.
- Agency Funds account for employee benefit receipts and payments to the Hawaii Public Employees Health Fund and the clearance accounts for State payroll and tax collections which include protested tax payments.

ACCOUNT GROUPS

General Fixed Assets Account Group

General Fixed Assets Account Group is used to account for all general fixed assets of the State other than those accounted for in the Enterprise and University Funds.

General Long-Term Obligations Account Group

General Long-Term Obligations Account Group is used to account for the unmatured long-term general obligation bonds excluding those accounted for in the Enterprise and University Funds. Certain notes payable, installment obligations, capital lease obligation, claims and judgments payable and accrued vacation payable for Governmental Fund Types are reflected in the General Long-Term Obligations Account Group.

UNIVERSITY FUNDS

Financial activities of State higher education institutions are accounted for in the University Funds (University). The financial statements of the University have been prepared in accordance with the AICPA Industry Audit Guide - Audits of Colleges and Universities.

2. Summary of Significant Accounting Policies

GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST AND AGENCY FUNDS

Basis of Accounting:

The State uses the modified accrual basis of accounting for the General, Special Revenue, Debt Service, Capital Projects, Expendable Trust and Agency Funds. Revenues are recognized when they become measurable and available to finance operations during the fiscal year or liquidate liabilities at the end of the fiscal year. Revenues susceptible to accrual include certain self-assessed taxes and Federal grants. Self-assessed taxes which consist of general excise, income, liquor and public service company taxes are recognized as receivables and deferred revenue when the tax returns are filed. The deferred revenues are recognized as revenues when payments are

received. Revenues which are not considered susceptible to accrual and therefore are not accrued include fines, forfeitures and penalties, licenses, permits and franchises. Expenditures are recorded on the accrual basis of accounting when the related fund liability is incurred except for (1) interest on long-term obligations, which is recognized when payment is due, and (2) loans to foster economic growth and development, agriculture, and for housing for native Hawaiians, which are charged to expenditures when issued and repayments of which are recorded as revenues when received. Encumbrances are recorded obligations in the form of purchase orders or contracts. The State records encumbrances at the time purchase orders or contracts are awarded and executed. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

Investments:

Investments are carried at cost or amortized cost.

Inventories of Materials and Supplies:

Inventories are stated at the lower of cost, principally using the first-in, first-out method, or market. Inventories of materials and supplies are recorded as expenditures when purchased.

Assets Held by Agents for the State Deferred Compensation Plan:

Assets held by agents for the State Deferred Compensation Plan are carried at market value.

Accumulated Vacation and Sick Leave:

State employees' accumulated vacation is expected to be liquidated with future expendable resources and therefore is accrued in the General Long-Term Obligations Account Group. Sick leave is not convertible to pay upon termination of employment and is recorded as an expenditure when taken.

Fund Balances:

Portions of fund balances are reserved for the following:

- Continuing appropriations which include specific legislative appropriations which do not lapse at the end of the fiscal year.
- Notes receivables, advances and investments which are not currently available for expenditure at the balance sheet date.
- Federal aid highway projects encumbrances.
- Bond redemption.
- Expendable trust fund balances which are restricted to the purpose of the account.

Portions of the unreserved fund balances are designated for future capital and operating expenditures. These designated fund balances represent authorized appropriations which have not been allotted as of June 30, 1988.

PROPRIETARY FUND TYPE

Basis of Accounting:

The accounts of the Proprietary Fund Type are reported under the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recorded when they are incurred.

Investments:

Investments in U. S. Treasury bonds, notes and bills, corporate bonds and other short-term investments are stated at amortized cost. Investment in corporate stocks are stated at cost. Contributed investments are recorded at fair market value when received.

Property, Plant and Equipment:

Property, plant and equipment acquired by purchase or construction are recorded at cost. Contributed property is recorded at fair market value at date of receipt. Depreciation on State hospital facilities is provided on the straight-line basis over estimated useful lives of 5 to 50 years for buildings and improvements and 5 to 40 years for machinery and equipment. Airports facilities are depreciated on the straight-line basis over estimated useful lives of 20 to 45 years for land improvements, buildings and improvements and 10 years for machinery and equipment. Depreciation on Harbors facilities is provided on the straight-line basis over estimated useful lives using composite rates of 1% to 20% for land improvements, buildings and improvements and wharves and 8% for machinery and equipment. Depreciation on Harbors facilities is not provided for in the year of acquisition, but is provided for the entire year in the year of disposal. Depreciation is provided by Housing on its property and equipment on the straight-line basis over estimated useful lives of 10 to 40 years for buildings and improvements and 3 to 10 years for equipment.

Maintenance, repairs, minor replacements, renewals and betterments are charged to operations as incurred. Major renewals, replacements and betterments are capitalized. Disposal of assets are recorded by removing the cost and related accumulated depreciation from the accounts with the resulting gain or loss reflected in operations.

Depreciation on property acquired through grants is included in depreciation expense presented in the Combined Statement of Revenues and Expenses - Enterprise Funds and is transferred to the contributed capital account. Transfer of depreciation on Housing assets acquired or constructed from U. S. Department of Housing and Urban Development (HUD) annual contributions is limited to the lesser of the depreciation expense or HUD annual contributions received for the payment of debt principal.

Bond Issue Costs:

Costs related to the issuance of bonds are amortized by the straight-line method over the term of the obligations.

Unamortized Bond Discount:

Bond discount is amortized using the effective interest method over the term of the related debt. The unamortized balance is offset against the related long-term debt.

Interest Cost:

Total interest cost incurred for the fiscal year ended June 30, 1988 amounted to $88,563,826 of which $12,415,459 was capitalized as part of the acquisition cost of facilities.

Dwelling Unit Inventory and Land Held for Future Development:

The dwelling unit inventory includes dwelling units available for sale, repurchased units available for sale, and real estate owned and acquired through foreclosure. Land held for future development includes developments in progress. Dwelling unit inventory and land held for future development are stated at the lower of cost or market.

HUD Annual Contributions:

Housing receives contributions from HUD for payment of interest and principal on notes and bonds. The debt service contributions related to principal and interest are recognized as contributed capital and non-operating revenue, respectively.

Profit Recognition on Dwelling Unit Sales:

Revenues and profit from sales of dwelling units are recognized when the amount of revenue is measurable; that is, collectibility of the sales price is reasonably assured and the earnings process is complete.

Commitment Fees:

Commitment fees collected in connection with the Single Family Mortgage Purchase programs are deferred and recognized as revenue at the earlier of the funding of the commitment or its expiration.

Restricted Assets Investments:

The Mortgage Revenue Bond Fund indentures authorize the trustee to invest monies in certificates of deposit, money market funds and investment securities, including U. S. Government and agency obligations, certain municipal bonds and repurchase agreements. Uninsured certificates of deposit are required to be collateralized by investment securities of an equal or greater market value. The underlying securities for repurchase agreements are required to be U. S. Government or agency obligations of an equal or greater market value held by the trustee in the State's name.

Medicare and Medicaid Reimbursements:

Revenues from services reimbursed under Medicare and Medicaid programs are recorded at the estimated reimbursable amounts. Final determination of the amounts earned is subject to review by the fiscal intermediary or a peer review organization. In the opinion of management, adequate provision has been made for any adjustments that may result from such reviews.

ACCOUNT GROUPS

General Fixed Assets:

General fixed assets are recorded at cost. Certain assets for which cost is not determinable have been valued at estimated historical cost. Contributed fixed assets are recorded at fair market value at the date of donation. Infrastructure assets consisting principally of highways, roads and bridges are expended in the Capital Projects Fund and are not capitalized or reported in the General Fixed Asset Account Group. Such assets are normally immovable and of value only to the State. Depreciation is not provided on general fixed assets.

UNIVERSITY FUNDS

Fund Accounting:

The financial activities of the University of Hawaii are recorded in funds which classify the various transactions by specified activities or objectives. Fund balances of such funds are reported as reserved for Federal grants refundable.

Tuition and fees of the University's fall and spring semesters and certain other receipts aggregating $27,688,850 in fiscal 1988 are deposited in the General Fund of the State in accordance with Act 184, Session Laws of Hawaii of 1961 and other acts. Restricted gifts, grants, endowment income and other restricted resources are accounted for in restricted current funds, loan funds, endowment funds and plant funds. Revenues and expenditures reported in the restricted current funds are designated for specific current operating purposes. Transactions related to the various student loan programs are accounted for in the loan funds. Resources restricted for the acquisition and investment in property, plant and equipment are accounted for in the plant funds.

Endowment funds are subject to the donor restrictions requiring the principal to be invested in perpetuity with only income to be utilized.

ALL FUNDS

Deferred Compensation Plan:

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights (until paid or made available to the employee or other beneficiary) are solely the property and rights of the State, subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the State Attorney General that the State has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Federal Grants:

Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenue when available and entitlement occurs. All other Federal reimbursement type grants are recorded as intergovernmental receivables and revenues when the related expenditures or expenses are incurred.

Intrafund and Interfund Transactions:

Transfers of financial resources between departments and activities included within the same fund are offset within the fund. Transfers from funds receiving revenues to funds through which the resources are to be expended are recorded as operating transfers.

Total Columns on General Purpose Financial Statements:

Total columns on the accompanying general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not purport to present financial position or results of operations of the State in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation.

Reporting Reclassifications:

Reclassifications have been made to certain amounts previously reported to conform to the current fiscal year's report format.

3. Budgeting and Budgetary Control

The budget of the State is a detailed operating plan identifying estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, services and activities to be provided during the fiscal year, (2) the estimated revenue available to finance the operating plan and (3) the estimated spending requirements of the operating plan. The budget represents a process through which policy decisions are made, implemented and controlled. Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated throughout the fiscal year. Amounts reflected as budgeted revenues in the Combined Statement of Revenues and Expenditures - Budget and Actual are those estimates as compiled by the Council on Revenues and State Director of Finance. Budgeted expenditures are derived primarily from the General Appropriations Act of 1987 (Act 216, Session Laws of Hawaii of 1987), as amended, and from other authorizations contained in the Hawaii Constitution, the Hawaii Revised Statutes and other specific appropriation acts in various Session Laws of Hawaii.

All expenditures of these appropriated funds are made pursuant to the appropriations in the biennial budget as amended by subsequent supplemental appropriations. Budgetary control is maintained at the departmental level. Budget revisions and interdepartmental transfers may be effected with certain executive and legislative branch approvals.

To the extent not expended or encumbered, General Fund appropriations generally lapse at the end of the fiscal year for which the appropriations were made. The State Legislature specifies the lapse date and any other contingencies which may terminate the authorization for other appropriations.

Budgets adopted by the State Legislature for the General and Special Revenue Funds are presented in the Combined Statement of Revenues and Expenditures - Budget and Actual. The State's annual budget is prepared on the modified accrual basis of accounting with several differences, principally related to the encumbrance of purchase order and contract obligations. These differences represent departures from generally accepted accounting principles (GAAP). A summarization of the material differences for the fiscal year ended June 30, 1988 follows:

	Funds	
	General	Special Revenue
Excess of revenues and other financing sources over expenditures and other financing uses - actual (budgetary basis)	$ 214,505,695	$ 98,868,396
Reserve for continuing appropriations at fiscal year-end	108,047,017	36,073,277*
Designated for future expenditures	139,312,523	-
Expenditures for liquidation of prior fiscal year encumbrances and designations	(100,842,917)	-
Expenditures for unbudgeted programs, principally expenditures for Federal grant projects and revolving funds	-	(125,978,736)
Prior fiscal year accrual included in current fiscal year budgetary basis revenues	(95,622,402)	-
Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis	$ 265,399,916	$ 8,962,937

*Amount reflects the encumbrance balances (included in continuing appropriations) for budgeted programs only.

4. Receivables

Taxes Receivable:

At June 30, 1988, taxes receivable consisted of the following:

	Funds	
	General	Enterprise Airports
Public service company tax	$ 22,924,107	$ -
Income taxes and other self-assessed taxes	4,547,333	-
Aviation fuel tax (note 11)	-	523,938
	$ 27,471,440	$ 523,938

Under the Hawaii Revised Statutes, the public service company tax is levied on certain businesses based upon gross income. The tax is due at the beginning of the calendar year; however, a company may elect to pay the tax in four equal installments during the year. The taxes receivable balance consists primarily of uncollected installments.

Accounts and Accrued Interest Receivable:

At June 30, 1988, accounts and accrued interest receivable consisted of the following:

	Funds						
		Enterprise					
	Special Revenue	Airports	Harbors	Housing	State Hospitals	Total	University
Airport services and fees	$ -	$ 20,386,413	$ -	$ -	$ -	$ 20,386,413	$ -
Harbor services and fees	-	-	3,701,789	-	-	3,701,789	-
Hospital patient services	-	-	-	-	53,751,717	53,751,717	-
Accrued interest	-	2,022,271	742,626	5,416,482	-	8,181,379	115,388
Other	3,101	-	-	-	-	-	5,517,412
	3,101	22,408,684	4,444,415	5,416,482	53,751,717	86,021,298	5,632,800
Less allowance for doubtful accounts	-	(750,000)	(670,000)	-	(19,994,472)	(21,414,472)	(199,481)
Accounts and accrued interest receivable, net	$ 3,101	$ 21,658,684	$ 3,774,415	$ 5,416,482	$ 33,757,245	$ 64,606,826	$ 5,433,319

Notes and Loans Receivable:

At June 30, 1988, notes and loans receivable, net of estimated uncollectible amounts, consisted of the following:

General Fund:	
Industrial Loans Guaranty	$ 1,602,432
Molokai Task Force loans	270,280
Kauai Task Force loans	118,613
Independent Sugar Growers loans	708,545
North Kohala Task Force loans	799,283
State disaster commercial loans	2,021
Molokai General Hospital	175,259
Total	$ 3,676,433

Special Revenue Funds:	
Hawaiian Home Lands:	
Native Hawaiian Rehabilitation Fund loans	$ 50,140
Statewide replacement loans	7,420,614
Maintenance, repair and renovation loans	561,143
Loan guaranty loans	225,353
Homesteaders loans	3,629,297
Homesteaders and non-homesteaders loans	567,068
Hawaiian Home Lands loans	2,532,757
Hawaiian Home Lands general loans	22,553,789
Farm loans	1,056,247
Agriculture:	
Farm loans	15,004,773
Hawaii agricultural products loans	122,564
Hawaii aquacultural loans	391,784
Veterans' loans	395,302
Business and Economic Development:	
Commercial fishing vessel repairs and maintenance loans	263,677
Hawaii capital loans	3,742,710
Fisheries new vessel loans	1,701,033
State disaster loans	76,681
Office of Hawaiian Affairs:	
Economic development loans	18,621
Total	$ 60,313,553
Enterprise Funds - Housing Funds:	
Mortgage loans	273,490,207
Notes and loans, net of deferred income of $2,650,129 on sales of housing project	14,522,965
Total	$ 288,013,172
University Funds:	
Student loans, net of allowance for doubtful accounts of $3,460,082	$ 14,246,339

Hawaiian Home Lands notes are generally collateralized by real property.

5. Investments

The Hawaii Revised Statutes authorize the State to invest in obligations of the U. S. Government, agencies and instrumentalities, time certificates of deposit, bank repurchase agreements and bonds of any improvement district of any county of the State provided the investments are due to mature not more than three years from the date of investment.

The following summarizes investments at June 30, 1988:

	Cost	Market
Special Revenue Funds:		
U. S. Government Securities Money Market Fund	$ 939,236	$ 939,236
U. S. Government securities at amortized cost	1,208,143	1,376,188
Corporate stocks and bonds	1,983,357	1,978,013
	$ 4,130,736	$ 4,293,437
Capital Projects Fund - U. S. Government securities at amortized cost	$ 98,390,197	$ 99,446,479
Enterprise Funds - U. S. Government securities at amortized cost	$ 6,440,095	$ 6,740,916
Trust and Agency Funds:		
U. S. Government securities at amortized cost	11,374,676	11,434,552
Repurchase agreements	6,000,000	6,000,000
Corporate stocks	118,071	423,912
	$ 17,492,747	$ 17,858,464
University Funds - Corporate stocks and bonds	$ 18,024,001	$ 19,054,445

The repurchase agreements are held by certain regulated financial institutions and are collateralized by U. S. Government securities with a market value of $5,981,073 at June 30, 1988. The securities collateralizing the repurchase agreements are held by the custodial bank in the State's name. The remaining investments are considered Category 1 investments which include investments which are insured, registered or held by the State in the State's name.

6. Restricted Assets

At June 30, 1988, restricted assets consisted of the following:

	Enterprise Funds				
	Airports	Harbors	Housing	State Hospitals	Total
Cash	$ 33,497,802	$ 6,442,402	$ 8,726,793	$ 4,426,234	$ 53,093,231
Time certificates of deposit	124,361,216	20,481,060	16,008,600	-	160,850,876
Accounts receivable	154,332	-	-	-	154,332
Investments:					
U. S. Government securities, at amortized cost (total market value of $96,546,320)	37,044,706	11,881,445	49,600,969	-	98,527,120
Repurchase agreements	-	-	45,265,965	-	45,265,965
Net direct financing leases	9,459,092	17,176,034	-	-	26,635,126
Other, at cost which approximates market	-	-	10,000	273,854	283,854
	$ 204,517,148	$ 55,980,941	$ 119,612,327	$ 4,700,088	$ 384,810,504

The repurchase agreements are held by certain regulated financial institutions and are collateralized by U. S. Government securities with a market value of approximately $44,912,697 at June 30, 1988. The securities collateralizing the repurchase agreements are held by the trustee in the State's name.

Certain leases of State-owned special facilities to parties engaged in airline and maritime operations are accounted for as direct financing leases. At June 30, 1988, the investment in direct financing leases consisted of the following:

	Enterprise Funds		
	Airports	Harbors	Total
Total minimum lease payments receivable	$ 15,387,229	$ 58,066,667	$ 73,453,896
Estimated unguaranteed residual value	-	3,600,000	3,600,000
Less amount representing interest	(6,500,991)	(44,490,633)	(50,991,624)
	8,886,238	17,176,034	26,062,272
Cash with trustee and other	572,854	-	572,854
	$ 9,459,092	$ 17,176,034	$ 26,635,126

Minimum future rentals to be received under direct financing leases as of June 30, 1988 are as follows:

	Enterprise Funds		
	Airports	Harbors	Total
Fiscal year ending June 30:			
1989	$ 275,000	$ 1,675,000	$ 1,950,000
1990	295,000	1,675,000	1,970,000
1991	315,000	1,675,000	1,990,000
1992	345,000	1,675,000	2,020,000
1993	375,000	1,675,000	2,050,000
Thereafter	13,782,229	49,691,667	63,473,896
	$ 15,387,229	$ 58,066,667	$ 73,453,896

7. Property, Plant and Equipment

Enterprise and University Funds:

At June 30, 1988, property, plant and equipment consisted of the following:

	Funds					
	Enterprise					
	Airports	Harbors	Housing	State Hospitals	Total	University
Land and land improvements	$ 331,600,194	$ 69,415,239	$ 30,513,842	$ 1,922,381	$ 433,451,656	$ 48,062,523
Buildings and improvements	258,609,403	102,282,433	156,950,959	79,664,351	597,507,146	364,295,677
Machinery and equipment	17,856,331	2,730,387	5,959,648	48,947,851	75,494,217	148,485,161
Library and other books	-	-	-	-	-	56,293,729
Livestock	-	-	-	-	-	318,340
	608,065,928	174,428,059	193,424,449	130,534,583	1,106,453,019	614,455,430
Less accumulated depreciation (note 2)	(200,339,615)	(48,283,958)	(70,495,888)	(43,712,253)	(362,831,714)	-
	407,726,313	126,144,101	122,928,561	86,822,330	743,621,305	614,455,430
Construction in progress	240,199,412	68,149,509	-	8,366,384	316,715,305	4,908,692
	$ 647,925,725	$ 194,293,610	$ 122,928,561	$ 95,188,714	$ 1,060,336,610	$ 619,364,122

General Fixed Assets Account Group:

Changes in general fixed assets during the fiscal year ended June 30, 1988 were as follows:

	Land	Buildings And Improvements	Equipment	Construction In Progress	Total
Balance, July 1, 1987, as previously reported	$ 366,279,616	$ 819,476,854	$ 302,214,395	$ 169,462,939	$ 1,657,433,804
Prior period adjustment (note 21)	(231,580,506)	88,315,324	(98,772,199)	(46,358,815)	(288,396,196)
Balance, July 1, 1987, as restated	134,699,110	907,792,178	203,442,196	123,104,124	1,369,037,608
Additions	6,007,418	145,774,172	31,988,342	64,729,386	248,499,318
Deductions	-	716,223	11,532,607	145,774,172	158,023,002
Balance, June 30, 1988	$ 140,706,528	$ 1,052,850,127	$ 223,897,931	$ 42,059,338	$ 1,459,513,924

8. Loans For Issued General Obligation Bonds

The State has advanced proceeds received from general obligation bond issues to Special Revenue, Enterprise and University Funds. Repayments, including interest, are reimbursed from specific revenue sources of the funds and agencies and correspond to the terms of the related general obligation bonds. At June 30, 1988, outstanding advances consisted of the following:

Special Revenue Funds:	
Highways	$ 155,078,105
Land development projects	872,264
Hawaii Water Authority	6,180,795
Small boat harbors	5,443,814
Business and economic development	486,324
Off-street parking	9,312,194
Enterprise Funds (note 10)	43,995,751
University Funds (note 10)	26,578,948
	$ 247,948,195

9. Notes, Loans and Installment Contracts Payable

Enterprise Funds -- Housing:

At June 30, 1988, the note payable consisted of an obligation to the U. S. Department of Agriculture, Farmers Home Administration amounting to $479,324. The note is payable in monthly installments of $2,207, including interest at 1%, through 2009 and is secured by property and rental receipts.

General Long-Term Obligations Account Group:

At June 30, 1988, notes and installment contracts payable consisted of the following:

Notes payable on behalf of the State Department of Hawaiian Home Lands to the Housing Funds consisting of various notes maturing through 1994, at 7.5% interest	$ 2,386,516
Note payable to U. S. Department of the Interior Bureau of Reclamation by the State Department of Land and Natural Resources, due in annual installments of $112,843 plus nominal interest through 2013	2,933,923
Installment contract purchase note payable, at 8.88% interest, due in monthly payments of $74,897 through 1990	1,359,204
Installment contract purchase note payable, at 6.49% interest, due in monthly payments of $83,077 through 1992	3,756,921
Installment contract purchase note payable, at 6.9% interest, due in monthly payments of $5,296 through 1992	202,961
	$ 10,639,525

The loan payable to the U. S. Department of the Interior Bureau of Reclamation by the State Department of Land and Natural Resources was paid off in July 1988 at a discounted price of $1,199,194. The prepayment resulted in a savings of $1,734,729 over the life of the loan.

University Funds:

At June 30, 1988, installment contracts payable arising from purchases of certain equipment amounted to $1,723,517 with interest ranging from 8% to 12% per annum.

Maturities of notes, loans and installment contracts payable are as follows:

Fiscal year ending June 30:	Enterprise Funds - Housing	General Long-Term Obligations Account Group	University
1989	$ 21,800	$ 5,099,080	$ 901,078
1990	22,000	1,999,723	387,447
1991	22,200	1,444,192	338,536
1992	22,400	1,345,841	90,389
1993	22,700	603,752	6,067
Thereafter	368,224	146,937	-
	$ 479,324	$ 10,639,525	$ 1,723,517

10. General Obligation Bonds Payable

General obligation bonds are serial bonds backed by the full faith and credit of the State. All issues except those prior to September 1, 1968 contain call provisions (call prices range from 103 to 100). Stated interest rates range from 3% to 10%. At June 30, 1988, the general obligation bonds consisted of the following:

Callable		$ 1,847,102,810
Noncallable		880,000
Total general obligation bonds outstanding		1,847,982,810
Less amount recorded as a liability of:		
Enterprise Funds	$ 43,995,751	
University Funds	26,578,948	
		70,574,699
Amount recorded in the General Long-Term Obligations Account Group		$ 1,777,408,111

Proceeds of certain general obligation bonds have been contributed as capital to the Housing Funds. These bonds are recorded in the General Long-Term Obligations Account Group since principal repayments are funded through the General Fund. The Housing Funds reimbursed the General Fund approximately $3,150,000 for the interest portion of the debt service in fiscal 1988.

A summary of debt service requirements to maturity follows:

Fiscal year:	Principal	Interest
1989	$ 139,944,270	$ 118,598,927
1990	144,209,270	109,485,839
1991	151,254,270	99,986,521
1992	148,900,000	90,214,635
1993	142,830,000	81,227,505
1994	132,595,000	72,536,279
1995	126,520,000	64,374,175
1996	122,400,000	56,485,040
1997	107,190,000	49,035,313
1998	98,915,000	42,327,006
1999	86,480,000	35,942,228
2000	82,375,000	29,981,808
2001	74,115,000	24,318,180
2002	74,185,000	19,010,778
2003	60,320,000	13,843,666
2004	60,400,000	9,706,388
2005	31,745,000	6,208,445
2006	27,665,000	3,916,780
2007	19,425,000	2,122,125
2008	10,650,000	929,063
2009	1,545,000	329,100
2010	1,645,000	234,900
2011	1,755,000	134,550
2012	920,000	27,600
	$ 1,847,982,810	$ 930,976,851

The State issued the following general obligation bonds in fiscal 1988 for the purpose of financing part of the costs of the construction, extension or improvement of various public projects, among which are public buildings and facilities, elementary and secondary schools, community college and University facilities, parks and other public purposes.

Date Of Issue	Series	Interest Rates	Maturity Date	Amount
December 1, 1987	BJ	6.750% - 7.70%	December 1, 1990/2007	$ 80,000,000
April 1, 1988	BK	6.125 - 7.50	April 1, 1991/2008	80,000,000

In the prior fiscal years, the State extinguished certain outstanding general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust accounts and the refunded bonds are not included in the State's general purpose financial statements. At June 30, 1988, $491,520,000 of bonds outstanding are considered extinguished.

The State Constitution limits the amount of general obligation bonds which may be issued. As required by law, the State Director of Finance has confirmed that the State was within its legal debt limit on the aforementioned issues.

At June 30, 1988, general obligation bonds authorized but unissued consisted of the following:

Purpose	Authorized But Unissued
General government	$ 39,894,008
Public safety	14,084,203
Highways	124,237,607
Conservation of natural resources	6,462,527
Health	26,723,421
Hospitals	7,605,489
Welfare	21,410,027
Education	98,674,068
Culture and recreation	30,402,397
Urban redevelopment and housing	8,072,053
Economic development and assistance	30,603,742
Airports	67,120
Water transport and terminals	1,857,660
Unallocated bond issue proceeds	(143,824,072)
	$ 266,270,250

Unallocated bond issue proceeds represent general obligation bond proceeds which have not been allocated to a specific purpose as of June 30, 1988.

11. Revenue Bonds and Liabilities Collateralized by HUD Annual Contributions

Enterprise Funds:

At June 30, 1988, revenue bonds payable (net of unamortized bond discount) for Enterprise Funds consisted of the following:

	Current (Payable From Restricted Assets)	Noncurrent	Total
Harbors capital improvement revenue bonds	$ 3,178,044	$ 71,860,089	$ 75,038,133
Harbors special facility revenue bonds	-	16,750,000	16,750,000
Airports revenue bonds	28,305,000	439,898,143	468,203,143
Airports special facility revenue bonds	275,000	9,050,000	9,325,000
Housing revenue bonds	15,428,114	365,449,829	380,877,943
	$ 47,186,158	$ 903,008,061	$ 950,194,219

During fiscal 1988, gains on early redemption of revenue bonds for Harbors and Airports were $25,263 and $84,365, respectively.

Harbors Capital Improvement Revenue Bonds -

The Harbors capital improvement revenue bonds are collateralized by a charge and lien on the gross revenues of commercial harbors and upon all improvements and betterments thereto and all funds and securities created in whole or part from revenues or from the proceeds of any bonds issued. The Harbors capital improvement revenue bonds are subject to redemption at the option of the State Director of Transportation and the State during specific years at prices ranging from 102-1/2 to 100.

The following is a summary of the outstanding Harbors capital improvement revenue bonds at June 30, 1988:

Year Of Issue	Final Maturity Date	Interest Rates	Original Amount Of Issue	Outstanding
1967	1997	5.200 %	$ 20,000,000	$ 13,400,000
1978	2008	5.500 - 6.700	20,000,000	17,670,000
1983	2008	4.750 - 8.875	23,385,000	21,990,000
1986	2011	6.000 - 7.500	22,500,000	22,500,000
			$ 85,885,000	75,560,000
Less unamortized bond discount				521,867
				75,038,133
Less current portion (payable from restricted assets), net of unamortized bond discount				3,178,044
				$ 71,860,089

The certificate providing for the issuance of revenue bonds provides for the levying and collection of minimum net revenues to service and provide reserves for maturing debt principal, interest, sinking fund and replacement and maintenance reserve requirements, and also provides for the maintenance of certain insurance coverages for fire, workers' compensation and public liability. At June 30, 1988, $11,919,354 was on credit in the revenue bond debt service sinking fund and reserve accounts.

Harbors Special Facility Revenue Bonds -

In 1980, the State Legislature authorized the issuance of special facility revenue bonds for the construction, acquisition, remodeling, furnishing and equipping of State-owned special facilities for lease to parties engaged in maritime operations.

Pursuant to this authorization, $15,700,000 of 8-1/2% special facility revenue bond anticipation notes were issued in 1981 to finance the construction of container terminal facilities on Sand Island for the exclusive use of Matson Terminals, Inc. In 1983, special facility revenue bonds of $16,750,000 were issued to extinguish the revenue bond anticipation notes and to provide additional funds for construction. These bonds, which bear interest at 10% per annum, mature on March 1, 2013, subject to optional redemption on or after March 1, 1993 at prices ranging from 103 to 100. Payment of the principal and interest on the bonds has been guaranteed by Matson Navigation Company, Inc., parent company of the lessee.

Airports Revenue Bonds -

The Airports revenue bonds are payable solely from and collateralized by Airports revenue which includes all aviation fuel taxes levied. The Airports revenue bonds are subject to redemption at the option of the State Director of Transportation and the State during specific years at prices ranging from 103-1/2 to 100.

The following is a summary of the outstanding Airports revenue bonds at June 30, 1988:

	Final Maturity Date	Interest Rates	Original Amount Of Issue	Outstanding
Series:				
1969	1995	4.90 - 5.90%	$ 40,000,000	$ 15,990,000
1969, second	1995	6.00 - 7.00	45,000,000	21,055,000
1970	1996	6.60 - 7.10	20,000,000	10,155,000
1970, second	1996	7.25 - 8.25	25,000,000	13,200,000
1971	1997	6.25 - 7.25	30,000,000	16,530,000
1971, second	1997	5.30 - 6.30	20,000,000	10,905,000
1972	1998	5.25 - 6.25	25,000,000	14,595,000
1974	2000	8.25 - 9.25	20,000,000	15,055,000
1975	2001	6.10 - 7.50	20,000,000	15,440,000
1977	2004	5.25 - 6.75	20,000,000	15,920,000
1981, extinguished by 1983, refunding	2009	12.50 - 14.00	75,000,000	-
1983, refunding	2008	4.75 - 8.88	97,050,000	91,240,000
1983	2013	8.25 - 9.75	50,000,000	49,385,000
1984	2004	9.00 - 10.38	65,000,000	64,460,000
1986	2004	6.25 - 7.70	35,000,000	35,000,000
1987	2004	6.25 - 8.25	85,000,000	85,000,000
			$ 672,050,000	473,930,000
Less unamortized bond discount				5,726,857
				468,203,143
Less current portion (payable from restricted assets)				28,305,000
				$ 439,898,143

The certificate providing for the issuance of revenue bonds provides for the levying and collection of minimum net revenues to service and provide reserves for maturing debt principal, interest, sinking fund and replacement and maintenance reserve requirements, and also provides for the maintenance of certain insurance coverages for fire, workers' compensation and public liability. At June 30, 1988, $68,317,961 was on credit in the revenue bond debt service sinking fund and reserve accounts.

Airports Special Facility Revenue Bonds -

Airports entered into three special facility lease agreements, one with Pan American World Airways, Inc. in 1972, one with Western Airlines, Inc. (merged with Delta Airlines, Inc. in 1987) in 1975 and another with Northwest Airlines, Inc. in 1983. The construction of the related facilities was financed by special facility revenue bonds issued by Airports in the amounts of $6,800,000, $2,300,000 and $2,200,000, respectively. These bonds are payable solely from and collateralized by certain rentals and other monies derived from the special facility.

The following is a summary of Airports special facility revenue bonds at June 30, 1988:

	$6,800,000 Issue	$2,300,000 Issue	$2,200,000 Issue	Total
Current portion (payable from restricted assets)	$ 215,000	$ 60,000	$ -	$ 275,000
Noncurrent portion	5,035,000	1,815,000	2,200,000	9,050,000
	$ 5,250,000	$ 1,875,000	$ 2,200,000	$ 9,325,000

Other pertinent information on the aforementioned bonds is summarized hereunder:

$6,800,000 Issue

These bonds have a stated maturity date of April 1, 2002 and bear interest at 8% per annum. The bonds are subject to early redemption at the option of Airports, at prices ranging from 102-1/2 to 100 plus interest depending on the dates of redemption, or at 100 plus interest if the facilities are destroyed or damaged extensively.

$2,300,000 Issue

These bonds bear interest at rates ranging from 6% to 6.5% and are subject to early redemption at the option of Airports, at prices ranging from 102-1/2 to 100 depending on the dates of redemption, or at 100 plus interest if the facilities are destroyed or damaged extensively.

$2,200,000 Issue

These bonds have a stated maturity date of November 1, 2002. As of June 30, 1988, the fixed interest rate of the bonds was subject to determination by Airports at the direction of the lessee. The bonds currently bear interest at an annual rate of 60% of the prime interest rate charged by the Norwest Bank of Minneapolis, the bond trustee, subject to a maximum rate of 20% per annum.

The bonds are subject to early redemption on and after November 1, 1992, at the option of Airports, at a price of 100 plus accrued interest and a premium equal to 1/2% of the principal redeemed for each 12-month period from the date of redemption to the stated maturity date of the bonds, or at a price of 100 plus interest if the facilities are destroyed or damaged extensively.

The special facility leases are accounted for and recorded as direct financing leases. The remaining lease payments to be paid by the lessees (including debt service requirements on the special facility revenue bonds) are recorded as a restricted asset and the special facility revenue bonds outstanding are recorded as a liability.

Housing Revenue Bonds -

In 1979, the State Legislature enacted Act 50 which, as amended, authorized the issuance of up to $875 million of revenue bonds. Through June 30, 1988, $644,950,000 of revenue bonds have been issued. The revenue bonds are payable solely from and collateralized by the revenues and other monies and assets of the Housing Funds (comprised principally of investments and mortgage loans receivable aggregating $404,741,714) which are pledged under the indentures.

At June 30, 1988, such Housing serial and term revenue bonds payable were comprised of the following:

	Year Of Issue	Final Maturity Date	Interest Rates	Original Amount Of Issue	Outstanding
Single family mortgage purchase revenue bonds:					
Series A	1980	2010	7.25 - 8.400%	$ 100,000,000	$ 62,995,000
Series B	1980	2010	7.25 - 9.000	50,000,000	32,200,000
Series A	1982	2001	11.00 - 13.000	60,000,000	290,000
Series A	1983	2013	6.75 - 9.500	50,000,000	38,230,000
Series B	1983	2014	7.50 - 10.250	30,000,000	23,355,000
Series C	1983	2013	7.75 - 10.250	61,000,000	43,615,000
Series A	1984	2016	7.70 - 10.500	100,000,000	13,880,000
Series A	1985	2017	7.40 - 9.250	30,000,000	18,325,000
Series A	1986	2016	5.60 - 8.000	40,300,000	40,300,000
Series B	1986	2016	4.75 - 7.375	52,900,000	52,415,000
Home mortgage purchase revenue bonds:					
Series A	1981	1998	11.10 - 13.000	20,000,000	4,555,000
Multi-family housing revenue bonds:					
Series A	1985	2010	Variable	32,000,000	32,000,000
1985 issue	1985	1996	10.350	3,800,000	3,767,943
Rental housing system revenue bonds:					
Series A	1987		Variable	14,950,000	14,950,000
				$ 644,950,000	380,877,943
Less current portion (payable from restricted assets)					15,428,114
					$ 365,449,829

Housing Liabilities Collateralized by HUD Annual Contributions -

At June 30, 1988, liabilities collateralized by HUD annual contributions consisted of the following:

U. S. Government loans, bearing interest at the existing rates charged to HUD by the U. S. Treasury (6.625% to 10% at June 30, 1988) maturing in October 1988	$ 72,806,142
Federal Financing Bank note, due in decreasing annual payments ranging from $1,076,470 in November 1988 to $252,501 in November 2016 and bearing interest at 6.6%	12,608,645
Housing bonds payable	30,192,000
	115,606,787
Less current portion	74,501,362
	$ 41,105,425

Project costs are refinanced periodically to provide long-term financing on the low-rent programs. Property, rental receipts and HUD annual contributions are pledged as collateral.

The U. S. Government loans were incurred in connection with HUD annual contribution contracts in which HUD services the debt through annual contribution payments. On September 11, 1987, Housing adopted a resolution approving an amendment to its consolidated annual contribution contracts with HUD in which outstanding U. S. Government loans which meet certain criteria will be forgiven. Subsequently, Housing was notified by HUD that due to certain provisions of the "Consolidated Omnibus Budget Act of 1985," HUD would no longer be making debt service annual contributions on the U. S. Government loans in anticipation of the pending debt forgiveness. Housing expects that U. S. Government loans totaling $68,915,066 as of June 30, 1988 will be forgiven during the fiscal year ending June 30, 1989.

As a result of the anticipated cessation of debt service payments by HUD, debt service annual contributions for principal repayment subsequent to June 30, 1986 have not been accrued by Housing. Upon the actual forgiveness of the loans, Housing will recognize as contributed capital an amount equal to the outstanding principal forgiven.

Housing issued housing bonds pursuant to Chapter 356 of the Hawaii Revised Statutes to provide permanent financing for low-income housing projects. The first five issues are callable after 10 years and the remaining issues are callable after 15 years from the date of issue. The housing bonds require annual level debt service payments. HUD's annual contributions for debt service and the excess of project revenues over project expenses are pledged as collateral. Housing bonds payable at June 30, 1988 were comprised of the following:

	Year Of Issue	Final Maturity Date	Interest Rate	Original Amount Of Issue	Outstanding
Housing bonds - Chapter 356:					
1st issue	1950	1991	2.125%	$ 6,050,000	$ 823,000
2nd issue	1953	1991	2.375	5,775,000	851,000
3rd issue	1955	1996	2.375	1,345,000	423,000
4th issue	1957	1998	3.000	1,195,000	466,000
5th issue	1958	1998	3.500	2,085,000	869,000
6th issue	1959	1998	3.500	2,025,000	861,000
7th issue	1961	2002	3.125	525,000	275,000
8th issue	1964	2005	3.375	8,235,000	4,985,000
9th issue	1964	2005	3.625	1,600,000	995,000
10th issue	1965	2006	3.625	3,355,000	2,195,000
11th issue	1966	2007	3.625	1,805,000	1,210,000
12th issue	1966	2007	4.500	3,605,000	2,500,000
13th issue	1968	2009	5.125	2,855,000	2,210,000
14th issue	1970	2009	5.750	14,595,000	11,530,000
					$ 30,192,000

Maturities and sinking fund requirements of Enterprise Funds revenue bonds and liabilities collateralized by HUD annual contributions are as follows:

	Revenue Bonds				Liabilities Collateralized By HUD Annual Contributions
	Airports	Harbors	Housing	Total	
Fiscal year ending June 30:					
1989	$ 28,580,000	$ 3,220,000	$ 15,428,114	$ 47,228,114	$ 74,501,362
1990	17,680,000	2,440,000	5,335,623	25,455,623	1,758,274
1991	18,855,000	2,560,000	5,583,405	26,998,405	1,833,451
1992	20,125,000	2,715,000	6,061,488	28,901,488	1,811,761
1993	21,415,000	2,880,000	6,374,906	30,669,906	1,523,199
Thereafter	376,600,000	78,495,000	342,094,407	797,189,407	34,178,740
	483,255,000	92,310,000	380,877,943	956,442,943	115,606,787
Less unamortized bond discount	(5,726,857)	(521,867)	-	(6,248,724)	-
	$ 477,528,143	$ 91,788,133	$ 380,877,943	$ 950,194,219	$ 115,606,787

University Funds:

At June 30, 1988, revenue bonds collateralized by current fund revenues were comprised of the following:

	Series	Interest Rate	Outstanding
Student housing system at Manoa	B, C, D	3.00 - 3.50%	$ 2,420,000
Faculty housing program	A	2.88	281,000
Onizuka Center for International Astronomy	E	9.40	2,855,000
Mauna Kea Observatory Complex power line	F	7.45	1,650,000
			$ 7,206,000

At June 30, 1988, principal maturities for the revenue bonds payable are as follows:

Fiscal year ending June 30:	
1989	$ 524,000
1990	694,000
1991	733,000
1992	970,000
1993	372,000
Thereafter	3,913,000
	$ 7,206,000

The Onizuka Center for International Astronomy revenue bonds are further secured by separate agreements between the University of Hawaii and two major users of the facility. The agreements provide that these two participants shall pay the University of Hawaii their proportionate share of the principal and interest payments due on the bond indebtedness along with any other cost associated with the bond. The agreements further provide that the participants shall continue to pay their share of the scheduled payments, or pay in full the outstanding balance of their proportionate share of the indebtedness in the event the participants discontinue their involvement with the facility prior to the liquidation of the bond indebtedness.

In April 1986, one of the participants paid in full the outstanding balance (approximately $1,442,000) of their proportionate share of the Series E revenue bond indebtedness. This amount is held in trust to provide for the future retirement of the participant's proportionate share of the Series E revenue bonds outstanding as it becomes due. The Series F revenue bond proceeds were used to partially fund a power line to the Onizuka Center. The indebtedness is expected to be repaid by rebates from Hawaii Electric Light Co., Inc. which will own and operate the power line and by contributions from users of the Onizuka Center. All of the bond obligations of the University Funds have provisions for early redemption at the option of the University of Hawaii Board of Regents. The premium on bond redemption, as a percentage of the bond principal amount redeemed, ranges from 0.5% to 2.5%.

Revenue Bonds Authorized But Unissued:

At June 30, 1988, revenue bonds authorized but unissued consisted of the following:

Purpose	Authorized But Unissued
Health	$ 15,000,000
Higher education	(9,854)
Urban redevelopment	889,175,000
Economic development and assistance	35,000,000
Airports	141,433,618
Harbors	7,110,103
	$ 1,087,708,867

Special Purpose Revenue Bonds:

Hawaii Revised Statutes Section 39A authorizes the State (with Legislative approval) to issue special purpose revenue bonds. Proceeds from these bonds are loaned to certain enterprises for projects deemed to be in the public interest. The bonds are not general obligations of the State and are payable solely from monies received by the State under project agreements with the recipients of the bond proceeds. Accordingly, the State has not included these bonds in its general purpose financial statements. Bonds outstanding at June 30, 1988 amounted to $417,530,000. Additionally, at June 30, 1988, special purpose revenue bonds of $395,905,000 were authorized but unissued.

Improvement District Bonds:

The Hawaii Community Development Authority is authorized to issue improvement district bonds under Hawaii Revised Statutes Section 206E. Proceeds from the bond issue are utilized to finance the redevelopment of districts designated by the State Legislature. The bonds are not general obligations of the State and are payable solely by the assessment liens on the real property of the designated district. Accordingly, the State has not included these bonds in its general purpose financial statements. Bonds outstanding as of June 30, 1988 amounted to $3,435,000.

12. Fund Balances

Governmental Fund Types and Expendable Trust Funds:

Changes in the State's fund balances during the fiscal year ended June 30, 1988 are as follows:

	Governmental Fund Types				Expendable Trust Funds
	General	Special Revenue	Debt Service	Capital Projects	
Fund balances (deficit), July 1, 1987:					
Reserved, as restated (note 21)	$ 109,368,392	$ 105,299,152	$ 247,157,184	$ 189,432,736	$ 239,033,729
Unreserved:					
Designated for future expenditures	23,476,792	30,437,625	-	-	-
Undesignated, as restated (note 21)	339,096,317	119,813,801	-	(22,923,760)	-
	471,941,501	255,550,578	247,157,184	166,508,976	239,033,729
Changes in reserved fund balances:					
Increase (decrease) in reserve for continuing appropriations	18,100,121	7,721,377	(49,667)	93,937,613	-
Increase (decrease) in reserve for receivables and advances	(1,821,735)	1,030,248	-	-	-
Increase in reserve for investments	-	298,873	-	-	-
Increase in reserve for Federal aid highway projects encumbrances	-	-	-	12,374,485	-
Increase in reserve for unemployment compensation and others	-	-	-	-	46,902,948
Increase in reserve for bond redemption	-	-	7,408,265	-	-
Decrease in reserve for loans to Enterprise Funds and University Funds	-	-	(6,444,908)	-	-
	16,278,386	9,050,498	913,690	106,312,098	46,902,948
Change in unreserved-designated for future expenditures - increase in unreserved-designated for future expenditures	115,835,731	2,972,942	-	-	-
Change in unreserved-undesignated fund balances - increase (decrease) in unreserved-undesignated fund balances	131,464,064	(1,731,382)	-	(119,080,367)	-
Fund balances (deficit), June 30, 1988:					
Reserved	125,646,778	114,349,650	248,070,874	295,744,834	285,936,677
Unreserved:					
Designated for future expenditures	139,312,523	33,410,567	-	-	-
Undesignated	470,560,381	118,082,419	-	(142,004,127)*	-
	$ 735,519,682	$ 265,842,636	$ 248,070,874	$ 153,740,707	$ 285,936,677

*Amount is shown net of unreserved fund balances - designated for future expenditures totaling $212,919,618 at June 30, 1988.

At June 30, 1988, the Expendable Trust Funds fund balance reserved for unemployment compensation and others consisted of the following:

Unemployment compensation	$ 270,078,225
Others	15,858,452
	$ 285,936,677

At June 30, 1988, the deficit in the Capital Projects Fund resulted from allotted appropriations in excess of general obligation bonds issued.

At June 30, 1988, the accumulated deficit of $1,879,866 in the Housing Fund resulted primarily from significant reductions in the carrying values of dwelling unit inventory and land held for future development of the Dwelling Unit Revolving Fund.

13. Changes in General Long-Term Obligations Account Group

Changes in the General Long-Term Obligations Account Group are as follows:

	General Obligation Bonds Payable	Notes And Installment Contracts Payable	Capital Lease Obligation	Accrued Vacation Payable	Claims And Judgments Payable	Total
Balance, July 1, 1987	$ 1,746,657,473	$ 8,798,566	$ -	$ 65,412,825	$ 13,300,000	$ 1,834,168,864
Bonds issued	160,000,000	-	-	-	-	160,000,000
Additions to installment contracts payable	-	3,756,921	-	-	-	3,756,921
Additions to capital lease obligation	-	-	4,680,936	-	-	4,680,936
Net increase in accrued vacation payable	-	-	-	5,395,651	-	5,395,651
Retirement and extinguishment of notes and bonds payable and capital lease obligation	(129,249,362)	(486,520)	(500,856)	-	-	(130,236,738)
Retirement of installment contracts payable	-	(1,429,442)	-	-	-	(1,429,442)
Net decrease in claims and judgments payable	-	-	-	-	(11,700,000)	(11,700,000)
Balance, June 30, 1988	$ 1,777,408,111	$ 10,639,525	$ 4,180,080	$ 70,808,476	$ 1,600,000	$ 1,864,636,192

14. Segment Information - Enterprise Funds

The State has four Enterprise Fund segments which account for the operations of Airports, Harbors, Housing and State Hospitals. Segment information as of and for the fiscal year ended June 30, 1988 is as follows:

	Airports	Harbors	Housing	State Hospitals	Total
Operating revenues	$ 150,071,727	$ 27,127,161	$ 73,135,825	$ 89,720,180	$ 340,054,893
Operating expenses:					
Depreciation	18,393,348	3,085,976	6,390,126	5,839,143	33,708,593
Other	54,571,091	14,295,344	75,011,090	96,241,032	240,118,557
	72,964,439	17,381,320	81,401,216	102,080,175	273,827,150
Operating income (loss)	77,107,288	9,745,841	(8,265,391)	(12,359,995)	66,227,743
Interest income	16,432,265	4,723,891	-	-	21,156,156
Interest expense	(25,800,889)	(7,589,924)	-	-	(33,390,813)
HUD annual contributions	-	-	7,510,261	-	7,510,261
Other nonoperating revenue (expense)	84,365	36,756	476,775	(1,191,824)	(593,928)
Other financing sources	-	-	-	11,681,742	11,681,742
Income (loss) before extraordinary item	67,823,029	6,916,564	(278,355)	(1,870,077)	72,591,161
Extraordinary item - loss from early redemption of revenue bonds payable	-	-	(625,927)	-	(625,927)
Net income (loss)	$ 67,823,029	$ 6,916,564	$ (904,282)	$ (1,870,077)	$ 71,965,234
Capital contributions, net of depreciation charge	$ 15,019,437	$ 581,666	$ 19,140,224	$ -	$ 34,741,327
Total assets	1,006,843,535	275,279,438	684,125,729	154,791,235	2,121,039,937
Total liabilities	559,664,705	111,588,711	532,620,399	63,975,803	1,267,849,618
Fund equity	$ 447,178,830	$ 163,690,727	$ 151,505,330	$ 90,815,432	$ 853,190,319
Additions to property, plant and equipment	$ 87,220,569	$ 9,364,422	$ 2,979,311	$ 7,993,964	$ 107,558,266
Proceeds from sale of bonds	$ 85,000,000	$ -	$ 14,950,000	$ -	$ 99,950,000

15. Interfund Receivables and Payables

Interfund receivables and payables consist of the following at June 30, 1988:

	Due From	Due To	Advances To	Advances From
General Fund:				
Special Revenue Funds	$ -	$ -	$ 357,094	$ -
Debt Service Funds	-	122,679	-	-
Enterprise Funds	39,855	-	13,442,734	-
University Funds	-	25,192,509	-	-
	39,855	25,315,188	13,799,828	-
Special Revenue Funds:				
General Fund	-	-	-	357,094
	-	-	-	357,094
Debt Service Funds:				
General Fund	122,679	-	-	-
Capital Projects Fund:				
Enterprise Funds	-	251,369	-	-
University Funds	-	691,185	-	-
	-	942,554	-	-
Enterprise Funds:				
General Fund	-	39,855	-	13,442,734
Capital Projects Fund	251,369	-	-	-
	251,369	39,855	-	13,442,734
University Funds:				
General Fund	25,192,509	-	-	-
Capital Projects Fund	691,185	-	-	-
Internal University Funds	807,215	807,215	-	-
	26,690,909	807,215	-	-
	$ 27,104,812	$ 27,104,812	$ 13,799,828	$ 13,799,828

16. Lease Commitments

Governmental Fund Types and Expendable Trust and Agency Funds:

The State leases office facilities and equipment under various operating leases expiring through 1993 and equipment under a capital lease expiring in 1992. The capital lease obligation is reported in the General Long-Term Obligations Account Group and the related asset is reported in the General Fixed Assets Account Group at the present value of future minimum lease payments. Future minimum lease commitments for noncancelable operating leases and capital lease as of June 30, 1988 are as follows:

	Operating Leases	Capital Lease
Fiscal year ending June 30:		
1989	$ 6,748,000	$ 1,086,000
1990	3,224,000	1,086,000
1991	1,051,000	1,086,000
1992	332,000	1,086,000
1993	309,000	421,000
Total future minimum lease payments	$ 11,664,000	4,765,000
Amounts representing interest		584,920
Present value of future minimum lease payments		$ 4,180,080

Rent expenditures for the fiscal year ended June 30, 1988 amounted to $13,619,000.

Proprietary Fund Type - Enterprise Funds:

Airport-Airline Lease Agreement -

Airports has entered into an airport-airline lease agreement with 24 major airline carriers which expires on July 31, 1992. The lease agreement provides to the lessees the nonexclusive right to use the State's airport system facilities, equipment, improvements and services, in addition to occupying certain premises and facilities. In return, the lessees agreed to pay an airport use charge based on a computed rate per 1,000-pound units of approved maximum landing weight for each aircraft used in revenue landings. The current rate is calculated by dividing the excess of estimated airport expenses over estimated airport revenues by the estimated approved maximum landing weight for all the airlines under the agreement for the fiscal year. The interisland airport use charge is set at 25% of the use charge for overseas flights during fiscal 1988. For the fiscal year ended June 30, 1988, actual airport expenses exceeded airport revenues, as defined by the airport-airline lease agreement, resulting in minimum use charges provision of $6,133,968.

The agreement established a prepaid airport use charge fund which would consist of any excess payments of the airport use charge over the amount required (excess of expenses over revenues) for the immediately preceding fiscal year. Normally, the amount in this account is used in the computation of the use charge for the first six months of the next fiscal year. Should the amount in this account exceed 10% of the total airport use charge for the fiscal year, the airlines may advise disposition for use of such excess towards capital improvement projects, retirement of outstanding bond indebtedness, the major maintenance fund, the additional prepaid airport use charge fund or other purposes. For the fiscal year ended June 30, 1988, the excess payments of airport use charge amounted to $31,398.

Other Operating Leases -

Airports leases building spaces and improvements to concessionaires, airline carriers and other airport users. The terms of these leases range from 5 to 15 years for concessions, 10 to 20 years for airline carriers and 5 to 55 years for other airport users. Concessionaire lease rentals are generally based on the greater of a percentage of sales or a basic minimum rent. Percentage rent included in concession fee income for the fiscal year ended June 30, 1988 was approximately $75,591,000.

Harbors leases land, wharf and building space under month-to-month revocable permits and long-term leases. The long-term leases expire during various years through 2053. These leases generally call for rental increases every ten years based on independent appraisals of the fair market value of the leased property.

Housing leases land to developers and home buyers. The leases are generally for 55 years with the last 25 years lease rent negotiated based on the fair market value of the land.

The following schedule approximates future minimum lease rentals under noncancelable operating leases of the Enterprise Funds as of June 30, 1988:

Fiscal year ending June 30:	Airports	Harbors	Housing	Total
1989	$ 207,600,000	$ 4,000,000	$ 370,000	$ 211,970,000
1990	229,600,000	3,600,000	374,000	233,574,000
1991	259,500,000	3,100,000	376,000	262,976,000
1992	289,600,000	2,500,000	376,000	292,476,000
1993	287,400,000	2,400,000	376,000	290,176,000
Thereafter	54,900,000	43,100,000	19,169,000	117,169,000
	$ 1,328,600,000	$ 58,700,000	$ 21,041,000	$ 1,408,341,000

17. Retirement Benefits -

Employees' Retirement System:

All eligible employees of the State and counties are required by Chapter 88 of the Hawaii Revised Statutes to become members of the ERS, a cost sharing multiple-employer public employee retirement plan. The ERS provides retirement benefits as well as death and disability benefits. Prior to June 30, 1984, the plan was only a contributory plan. In 1984 legislation was enacted to create a new noncontributory plan for members of the ERS who are also covered under social security. Police officers, firefighters, judges, elected officials and persons employed in positions not covered by social security are excluded from the noncontributory plan. The noncontributory plan provides for reduced benefits and covers most eligible employees hired after June 30, 1984. Employees hired before that date were given the option of remaining in the contributory plan or joining the new noncontributory plan and receiving a refund of employee contributions. All benefits vest after five and ten years of credited service for the contributory and non-contributory plans, respectively.

The ERS consists of a Pension Accumulation Fund which provides basic pension benefits and a Post Retirement Fund which provides annual increases to individuals receiving pensions. Employer contributions to both funds are comprised of normal cost plus level annual payments required to liquidate the unfunded accrued liability of both funds. The ERS uses the frozen initial liability method and the entry age normal cost method for the Pension Accumulation Fund and Post Retirement Fund, respectively, to calculate the unfunded accrued liability for each fund. Effective July 1, 1988, Act 41 of the 1988 Legislative Session merged the Post Retirement Fund with other funds of the ERS.

Pension Benefit Obligation:

The "pension benefit obligation" shown below is the actuarial present value of credited projected benefits. It is the standardized disclosure measure, prepared in accordance with Governmental Accounting Standards Board Statement No. 5, of the present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The pension benefit obligation is independent of the actuarial funding method used to determine contributions to the ERS. The basic purpose of the June 30, 1987 actuarial valuation was to determine the total employer contributions to the Pension Accumulation and Post Retirement Funds, in accordance with the provision of Chapter 88 of the Hawaii Revised Statutes.

The pension benefit obligation was determined as of June 30, 1987. The actuary employed by the ERS calculates credited projected benefits which include the following:

- Future monthly payments to pensioners who are receiving benefit payments on the valuation date and to beneficiaries, including any optional survivors' benefits.
- The potential future monthly service retirement benefits payable to inactive vested members based on their service credit and salary earned up to the date of termination.
- The portion of potential future monthly retirement and disability benefits payable to active members attributable to their service credit as of the valuation date and salary as projected to the benefit payment date plus the pro rata portion of certain death benefits.

The actuarial present value of credited projected benefits is the amount determined by the ERS actuary by applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest between the valuation date and the expected dates of payment) and the probability of benefit payments (by means of multiple-decrement probability tables for death, disability, retirement and withdrawal). The actuarial valuation as of June 30, 1987 is based on an assumed investment yield and salary increase of 8% and 6-1/2%, respectively.

As of June 30, 1987 the pension benefit obligation and net assets available for benefits were as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and inactive members not yet receiving benefits	$ 1,553,053,200
Current employees:	
Accumulated employee contributions including allocated investment income	694,554,500
Employer-financed:	
Vested	878,339,200
Non-vested	749,271,900
Total pension benefit obligation	3,875,218,800
Net assets available for benefits (cost)	3,127,749,219
Pension benefit obligation in excess of assets	$ 747,469,581

The pension benefit obligation data for the prior fiscal year is not available.

The following table presents covered and total payroll for all employees, employer and employee contributions as well as the percentage of covered payroll each contribution represents. The contribution requirements reported below were actuarially determined.

Payroll (April 1, 1987 to March 31, 1988):	
Covered	$ 1,318,666,800
Total	1,318,666,800
Employer contribution requirement:	
Determined	90,530,300
Percentage of current year covered payroll	6.8%
Contribution payments:	
Employer	93,154,535
Employees	33,109,571
Percentage of current year covered payroll:	
Employer	7.1%
Employees	2.5%

Ten-year historical trend information which provides information about progress made in accumulating sufficient assets to pay benefits is shown in Part III of the Comprehensive Annual Financial Report.

Net Plan Assets:

The ERS' net assets available for benefits of $3,127,749,219 include investments of $3,090,415,911. Investments are reported at original cost or amortized cost. Substantially, all cash is invested in short-term investments.

All cash and short-term investments are insured by Federal depository insurance or collateralized by securities held by the ERS agent in the State's name. The following table summarizes the investments held at June 30, 1987:

	Cost	Market
Cash and short-term investments	$ 292,282,187	$ 292,282,187
Real estate mortages	380,977,783	380,977,783
Insurance contracts	240,820,324	240,820,324
U. S. Government securities and corporate bonds	1,068,408,668	1,045,590,846
Corporate stocks	1,107,926,949	1,489,426,755
	$ 3,090,415,911	$ 3,449,097,895

Post Retirement Health Care and Life Insurance Benefits:

In addition to providing pension benefits, the State provides certain health care and life insurance benefits to retired State employees. Contributions are based upon negotiated collective bargaining agreements. State contributions for post retirement benefits which are funded as accrued aggregated $21,389,543 in fiscal year 1988.

18. Commitments and Contingencies

Accumulated Sick Leave:

Sick leave accumulates at the rate of one and three-quarters working days for each month of service without limit, but can be taken only in the event of illness and is not convertible to pay upon termination of employment. However, a State employee who retires or leaves government service in good standing with 60 days or more of unused sick leave is entitled to additional service credit in the ERS. At June 30, 1988, accumulated sick leave approximated $510,600,000.

Deferred Compensation Plan:

In 1983, the State established a deferred compensation plan which enables State employees to defer a portion of their compensation. Deferred compensation payable at June 30, 1988 amounted to $80,282,656.

Intergovernmental Expenditures:

Under Hawaii Revised Statutes Section 248-6, the State must provide at least $31,448,000 annually in grants-in-aid to the counties.

Loan Commitments and Guarantee:

In connection with the 1983 Series B, 1983 Series C and 1984 Series A Bonds, Housing had outstanding commitments to purchase loans from participating lenders of approximately $31,750,000 at June 30, 1988 and to purchase a multi-family housing rental project for $12,907,500. Housing also had outstanding commitments to fund interim construction loans of approximately $1,285,000.

Housing has a mortgage loan guarantee of $40,000,000 to the ERS. Housing has guaranteed that upon the 120th day of any delinquency or default, it will either cure the arrearage of principal and interest or repurchase the delinquent loan. At June 30, 1988, approximately $21,000,000 in mortgage loans sold to the ERS are covered by the mortgage loan guarantee.

Construction and Service Contracts:

At June 30, 1988, the Enterprise Funds had commitments of approximately $139,987,000 for construction and service contracts.

Insurance Coverage:

The State maintains certain insurance coverages to satisfy bond indenture agreements as well as for other purposes, but is substantially self-insured for all other perils including workers' compensation. Expenditures for workers' compensation are appropriated annually.

Tax Refund:

The State Constitution, as amended in 1978, provides that, beginning July 1, 1978, whenever the General Fund balance at the close of each two successive fiscal years exceeds 5% of General Fund revenues for each of the two fiscal years, the State Legislature, in the next regular session, must provide for a tax refund or tax credit to the taxpayers of the State. On May 19, 1987, Act 51 was approved, providing for a general income tax credit of $1 for each qualified exemption to be deducted from income tax liability for the taxable year 1988. This tax credit is estimated to reduce income tax revenues by $1,100,000 for the fiscal year ended June 30, 1988.

Litigation:

General -

The State has been named defendant in numerous lawsuits and claims arising in the normal course of operations. To the extent that the outcome of such litigation has been determined to result in probable financial loss to the State, such loss has been accrued in the general purpose financial statements. Of the remaining claims which aggregate approximately $563,000,000, a number of claims may possibly result in adverse judgments against the State. However, such claim amounts cannot be reasonably estimated. The litigation payments relating to the fiscal years ended June 30, 1988, 1987 and 1986 approximated $7,690,000, $8,867,000 and $5,189,000, respectively.

Public Land Trust -

The State has been named a defendant in a series of complaints involving public trust lands and the allocation of a reasonable portion of future revenues from certain public trust lands for the betterment of native Hawaiians. All of the complaints against the State and the Department of Transportation have been dismissed by the lower courts or at the appeal level. Certain of the suits have been denied hearing by the U. S. Supreme Court.

In the opinion of the State Attorney General, the outcome of all contingencies and litigation will not have a material adverse effect on the financial position of the State.

19. Extraordinary Item

Housing Funds:

During the fiscal year ended June 30, 1988, Housing redeemed revenue bonds totaling $39,900,000. The related deferred bond issue cost of $625,927 was written off when the early redemption was approved and is reflected as an extraordinary item in Housing. Housing has approved the early redemption of bonds totaling $10,080,000 as of July 1, 1988.

20. Subsequent Event

Subsequent General Obligation Bond Issues:

Subsequent to June 30, 1988, the State issued callable general obligation bonds, Series BL and BM dated December 6, 1988, amounting to $65,000,000 and $45,000,000, respectively, with interest rates of 7.55% and variable, respectively, per annum maturing serially through 2008. The bonds are being issued for the purpose of financing part of the costs of the construction, extension, or improvement of various public projects, among which are public buildings and facilities, elementary and secondary schools, community college and University facilities, parks and other public purposes.

21. Prior Period Adjustments

Fund equity as of July 1, 1987 has been restated to primarily reflect a reorganization of several State housing operations as follows:

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Enterprise Funds
Fund balances (deficit)/retained earnings, July 1, 1987, as previously reported:				
Reserved for continuing appropriations	$ 89,832,319	$ -	$ 157,133,270	$ -
Unreserved-undesignated	-	117,989,326	(24,124,921)	-
Contributed capital	-	-	-	344,159,306
Retained earnings	-	-	-	409,369,203
Prior period adjustments	114,577	1,824,475	1,526,605	(12,413,745)
Fund balances (deficit)/retained earnings, July 1, 1987, as restated:				
Reserved for continuing appropriations	89,946,896	-	157,458,714	-
Unreserved-undesignated	-	119,813,801	(22,923,760)	-
Contributed capital	-	-	-	334,162,538
Retained earnings	-	-	-	406,952,226

Restatement of General Fixed Assets:

In prior fiscal years, the General Fixed Assets were compiled from substantially unaudited data. The historical basis of land, building and equipment was established as of July 1, 1987, resulting in a restatement of the opening balances in the General Fixed Asset Account Group.

GENERAL FUND

The General Fund is the general operating fund of the State. It is used to account for all financial resources except those required to be accounted for in another fund. Expenditures include those for education, welfare, general government, public safety, health, culture and recreation, and conservation of natural resources.

STATE OF HAWAII

EXHIBIT B-1

BALANCE SHEET - GENERAL FUND
JUNE 30, 1988

ASSETS		
CASH AND SHORT-TERM CASH INVESTMENTS		$ 761,699,709
RECEIVABLES		
Taxes	$ 27,471,440	
Notes	3,676,433	
Other	123,500	
Total receivables		31,271,373
DUE FROM ENTERPRISE FUNDS		39,855
ADVANCES TO OTHER FUNDS		
Special Revenue Funds	357,094	
Enterprise Funds	13,442,734	
Total advances to other funds		13,799,828
TOTAL ASSETS		$ 806,810,765
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Vouchers payable		18,504,455
Due to other funds:		
Debt Service Funds	122,679	
University Funds	25,192,509	
Total due to other funds		25,315,188
Deferred revenue		27,471,440
Total liabilities		71,291,083
FUND EQUITY		
Reserved for continuing appropriations:		
Unencumbered allotments	2,689,287	
Unliquidated encumbrances	105,357,730	
	108,047,017	
Reserved for receivables and advances	17,599,761	
Unreserved fund balance:		
Designated for future expenditures	139,312,523	
Undesignated	470,560,381	
Total fund equity		735,519,682
TOTAL LIABILITIES AND FUND EQUITY		$ 806,810,765

STATE OF HAWAII

EXHIBIT B-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND BALANCE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

REVENUES		
Taxes		
General excise tax	$ 905,467,188	
General excise licenses	435,975	
Net income tax:		
Corporations	66,017,437	
Individuals	625,546,865	
Inheritance and estate tax	7,314,264	
Liquor permits and tax	38,201,225	
Public service company tax	63,586,627	
Public service company fees	2,312,362	
Tobacco tax	21,318,154	
Tax on premiums of insurance companies	37,633,459	
Franchise tax (banks and other financial institutions)	12,035,596	
Transient accommodations tax	67,278,746	
Other taxes, primarily conveyances tax	4,208,466	
Total taxes		$ 1,851,356,364
Non-taxes		
Interest and investment income	54,682,351	
Charges for current services	64,994,169	
Intergovernmental	8,807,083	
Rentals	4,745,032	
Fines, forfeitures and penalties	12,717,553	
Licenses and fees	3,434,134	
Revenues from private sources	2,154,933	
Other	33,296,360	
Total non-taxes		184,831,615
Total revenues		2,036,187,979
OTHER FINANCING SOURCES		
Operating transfers in from Debt Service Funds		39,543,015
TOTAL REVENUES AND OTHER FINANCING SOURCES		$ 2,075,730,994

STATE OF HAWAII

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND BALANCE - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

EXPENDITURES		
General government	$ 183,670,045	
Public safety	85,324,940	
Highways	368,291	
Conservation of natural resources	24,372,821	
Health	103,653,960	
Welfare	202,532,018	
Lower education	452,938,793	
Other education	8,041,518	
Culture and recreation	32,730,663	
Economic development and assistance	33,830,943	
Intergovernmental	32,867,045	
Social security and pension contributions	105,422,502	
Other	15,003,202	
Total expenditures		$ 1,280,756,741
OTHER FINANCING USES		
Operating transfers out to:		
Special Revenue Funds	3,012,955	
Debt Service Funds	255,181,587	
Enterprise Funds	9,364,722	
University Funds	262,015,073	
Total other financing uses		529,574,337
TOTAL EXPENDITURES AND OTHER FINANCING USES		1,810,331,078
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES		265,399,916
OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCE		
Add:		
Continuing appropriations, July 1, 1987, as previously reported	89,832,319	
Prior period adjustment	114,577	
Continuing appropriations, July 1, 1987, as restated	89,946,896	
Unreserved-designated for future expenditures, July 1, 1987	23,476,792	
Deduct:		
Continuing appropriations, June 30, 1988	108,047,017	
Unreserved-designated for future expenditures, June 30, 1988	139,312,523	
Total other changes in unreserved-undesignated fund balance		(133,935,852)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES AND OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCE		131,464,064
UNRESERVED-UNDESIGNATED FUND BALANCE, JULY 1, 1987		339,096,317
UNRESERVED-UNDESIGNATED FUND BALANCE, JUNE 30, 1988		$ 470,560,381

STATE OF HAWAII

EXHIBIT B-3

STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
REVENUES			
Taxes			
General excise tax	$ 830,434,000	$ 905,467,188	$ 75,033,188
General excise licenses	375,000	435,975	60,975
Net income tax:			
Corporations	47,662,000	66,017,437	18,355,437
Individuals	524,980,000	625,546,865	100,566,865
Inheritance and estate tax	6,869,000	7,314,264	445,264
Liquor permits and tax	38,035,000	133,823,626	95,788,626
Public service company tax	74,316,000	63,586,627	(10,729,373)
Public service company fees	2,890,000	2,312,362	(577,638)
Tobacco tax	22,911,000	21,318,154	(1,592,846)
Tax on premiums of insurance companies	39,710,000	37,633,459	(2,076,541)
Franchise tax (banks and other financial institutions)	5,440,000	12,035,596	6,595,596
Transient accommodations tax	-	67,278,746	67,278,746
Other taxes, primarily conveyances tax	2,260,000	4,208,466	1,948,466
Total taxes	1,595,882,000	1,946,978,765	351,096,765
Non-taxes			
Interest and investment income	33,545,500	54,682,351	21,136,851
Charges for current services	60,515,214	64,994,169	4,478,955
Intergovernmental	10,271,328	8,807,083	(1,464,245)
Rentals	4,779,970	4,745,032	(34,938)
Fines, forfeitures and penalties	11,598,791	12,717,553	1,118,762
Licenses and fees	3,799,523	3,434,134	(365,389)
Revenues from private sources	845,000	2,154,933	1,309,933
Other	3,203,416	33,296,361	30,092,945
Total non-taxes	128,558,742	184,831,616	56,272,874
Total revenues	1,724,440,742	2,131,810,381	407,369,639
OTHER FINANCING SOURCES			
Operating transfers in from Debt Service Funds	39,646,200	39,543,015	(103,185)
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 1,764,086,942	$ 2,171,353,396	$ 407,266,454

STATE OF HAWAII

STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
EXPENDITURES			
General government	$ 265,084,023	$ 217,363,198	$ 47,720,825
Public safety	95,913,310	96,037,023	(123,713)
Highways	600,000	600,000	-
Conservation of natural resources	24,741,059	25,146,015	(404,956)
Health	127,890,913	124,913,926	2,976,987
Welfare	212,558,315	208,357,991	4,200,324
Lower education	455,487,610	459,324,845	(3,837,235)
Other education	8,157,153	8,510,937	(353,784)
Culture and recreation	38,541,665	38,111,310	430,355
Urban redevelopment and housing	11,200,001	11,185,001	15,000
Economic development and assistance	91,312,725	88,950,171	2,362,554
Intergovernmental	33,041,551	32,867,045	174,506
Social security and pension contributions	103,059,651	105,421,216	(2,361,565)
Other	9,513,126	9,155,564	357,562
Total expenditures	1,477,101,102	1,425,944,242	51,156,860
OTHER FINANCING USES			
Operating transfers out to:			
Special Revenue Funds	3,012,955	3,012,955	-
Debt Service Funds	255,550,830	255,195,798	355,032
Enterprise Funds	13,380,476	9,364,722	4,015,754
University Funds	260,774,320	263,329,984	(2,555,664)
Total other financing uses	532,718,581	530,903,459	1,815,122
TOTAL EXPENDITURES AND OTHER FINANCING USES	2,009,819,683	1,956,847,701	52,971,982
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES AND OTHER FINANCING USES	$ (245,732,741)	$ 214,505,695	$ 460,238,436

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

Functions of Government	Actual (GAAP Basis)	Carryover Appropriations And Designations July 1, 1987	Carryover Appropriations And Designations June 30, 1988	Lapses Of Prior Appropriations	Actual (Budgetary Basis)	Budgeted Appropriations	Variance - Favorable (Unfavorable)	Transfers And Other Credits	Lapses Of Current Appropriations
General government	$ 183,670,045	$ 18,333,263	$ 51,876,437	$ 149,979	$ 217,363,198	$ 265,084,023	$47,720,825	$(37,027,863)	$10,692,962
Public safety . . .	85,324,940	11,726,047	21,800,575	637,555	96,037,023	95,913,310	(123,713)	2,498,123	2,374,410
Highways	368,291	-	231,709	-	600,000	600,000	-	-	-
Conservation of natural resources	24,372,821	1,944,055	2,628,409	88,840	25,146,015	24,741,059	(404,956)	720,909	315,953
Health	103,653,960	9,406,990	29,113,679	1,553,277	124,913,926	127,890,913	2,976,987	3,024,573	6,001,560
Welfare	202,532,018	7,127,510	11,410,457	1,543,026	208,357,991	212,558,315	4,200,324	942,011	5,142,335
Lower education . .	452,938,793	40,307,043	42,950,925	3,742,170	459,324,845	455,487,610	(3,837,235)	18,977,546	15,140,311
Other education . .	8,041,518	961,066	1,266,532	163,953	8,510,937	8,157,153	(353,784)	648,663	294,879
Culture and recreation	32,730,663	10,154,118	15,318,886	215,879	38,111,310	38,541,665	430,355	912,519	1,342,874
Urban redevelopment and housing . . .	-	60,063	11,245,064	-	11,185,001	11,200,001	15,000	-	15,000
Economic development and assistance .	33,830,943	6,094,237	58,107,909	3,105,556	88,950,171	91,312,725	2,362,554	275,227	2,637,781
Intergovernmental .	32,867,045	-	-	-	32,867,045	33,041,551	174,506	-	174,506
Social security and pension contributions	105,422,502	4,335	3,049	-	105,421,216	103,059,651	(2,361,565)	2,475,706	114,141
Other	15,003,202	7,304,961	1,405,909	51,414	9,155,564	9,513,126	357,562	12,096	369,658
Total expenditures	1,280,756,741	113,423,688	247,359,540	11,251,649	1,425,944,242	1,477,101,102	51,156,860	(6,540,490)	44,616,370
Other financing uses:									
Operating transfers cut to:									
Special Revenue Funds . . .	3,012,955	-	-	-	3,012,955	3,012,955	-	-	-
Debt Service Funds . . .	255,181,587	-	-	14,211	255,195,798	255,550,830	355,032	-	355,032
Enterprise Funds . . .	9,364,722	-	-	-	9,364,722	13,380,476	4,015,754	-	4,015,754
University Funds . . .	262,015,073	-	-	1,314,911	263,329,984	260,774,320	(2,555,664)	6,540,490	3,984,826
Total other financing uses	529,574,337	-	-	1,329,122	530,903,459	532,718,581	1,815,122	6,540,490	8,355,612
TOTAL EXPENDITURES AND OTHER FINANCING USES	$1,810,331,078	$113,423,688	$247,359,540	$12,580,771	$1,956,847,701	$2,009,819,683	$52,971,982	$ -	$52,971,982

STATE OF HAWAII

SCHEDULE B-5

SUPPLEMENTARY SCHEDULE OF CHANGES IN UNRESERVED-UNDESIGNATED
FUND BALANCE - BUDGETARY BASIS - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Obligations	Resources
UNRESERVED-UNDESIGNATED FUND BALANCE, JULY 1, 1987		$ 339,096,317
Actual revenues	$ -	2,171,353,396
Accrual included in previous fiscal year	-	(95,622,402)
Appropriations authorized	2,009,819,683	-
Unrequired balances of appropriations lapsed	-	65,552,753
Total	2,009,819,683	2,480,380,064
UNRESERVED-UNDESIGNATED FUND BALANCE, JUNE 30, 1988		$ 470,560,381

Detailed List of Appropriations Authorized and Unrequired Balances of Appropriations Lapsed - Classified by Legislative Acts

		Appropriations Authorized	Unrequired Balances Lapsed
Appropriations authorized by State Legislature in regular session of 1987 - effective July 1, 1987:			
SL 87 A1	Office of the Legislative Auditor	$ 1,505,000	$ 70,451
	Special studies and other requests of the Legislature	150,000	46,000
	State Ethics Commission	270,782	2,138
	Legislative Reference Bureau	1,465,934	11,857
	Office of the Ombudsman	416,000	12,357
A45	State water code	861,000	26,452
A168	Promotion of international and foreign banking	100,000	3,000
A216	Capital Improvements, General Appropriations of 1987	133,383,000	-
	General Appropriations of 1987 for 1987-1988	1,735,637,945	49,659,319
A218	Office of Hawaiian Affairs	1,264,569	15,938
A220	Collective bargaining cost items for 1987-1988	21,528,514	62,325
	Collective bargaining cost items - Judiciary for 1987-1988	1,496,844	-
A221	Salary increases and other cost adjustments for State officers and excluded employees	3,363,007	715,929
	Salary increases and other cost adjustments for officers and excluded employees - Judiciary	167,679	-
	Salary increases for officers and excluded employees - Office of the Legislative Auditor	43,000	-
	Salary increases for officers and excluded employees - Ethics Commission	6,615	-
	Salary increases for officers and excluded employees - Legislative Reference Bureau	33,012	-
	Salary increases for officers and excluded employees - Ombudsman	11,000	-
	Salary increases and other cost adjustments for officers and employees - Office of Hawaiian Affairs	32,826	7,238
A225	Implement recommendations of the Job Evaluation Study	850,000	328,407
A226	Salary increase for State Public Defender	6,156	-

STATE OF HAWAII

SUPPLEMENTARY SCHEDULE OF CHANGES IN UNRESERVED-UNDESIGNATED
FUND BALANCE - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

Detailed List of Appropriations Authorized and Unrequired Balances
of Appropriations Lapsed - Classified by Legislative Acts

		Appropriations Authorized	Unrequired Balances Lapsed
Appropriations authorized by State Legislature in regular session of 1987 - effective July 1, 1987 (continued):			
A227	Compensation of Counsel for Indigents	$ 879,263	$ 144,263
A236	Used oil recycling and disposal	60,000	50,986
A241	New Industry Training Program	250,000	175,641
A242	Hawaii Innovation Development Program	500,000	15,000
A244	Feasibility of space technology industry in Hawaii	450,000	14,010
A258	Feasibility study of implementing Motor Vehicle Insurance Fund	100,000	-
A265	Epidemiological research on AIDS	200,000	6,000
A271	State Fire Council	64,000	1,921
A289	State Coordinating Council on Deafness	58,000	17,985
A331	Study of social and financial effects of proposed mandatory health coverage	50,000	-
A334	Regulation of adult foster homes	37,000	19,422
A336	Implementing the transfer of the State planning functions	115,000	3,450
A338	Establishment of the Department of Corrections	336,880	23,428
A342	Intergovernmental cluster for services to children with severe emotional and developmental problems	339,000	55,557
A343	Innovative community-based educational or services projects or programs for protection of child abuse and neglect.	400,000	-
A345	Workfare Program	1	1
A346	Sugar research and development	2,000,000	60,000
A351	Natural Area Reserves System	125,000	3,750
A352	Guangdong Province Special Exchange Program	25,000	750
A353	Governor's Task Force on Ocean Resources Tourism Development	10,000	1,250
A354	Elderly Housing Fund	1	-
A366	"One Day or One Trial" Jury Service Program	50,000	-
A368	Management of State-owned cemeteries	113,100	13,100
A373	Commissioner of Securities	55,404	16,159
A375	Courts of Appeal	3,010,025	2,958
	Circuit Courts	13,117,758	98,114
	Family Courts	12,179,077	772,545
	District Courts	15,403,154	335,504
	Administrative Director Services	8,856,056	6,044
A376	Compensation of appointed counsel and guardians Ad Litem	1,500,000	-
A380	Computerized fingerprint identification system	4,500,000	-
A381	Hawaii Worker's Compensation State Fund Conference	150,000	150,000
A382	Establishment of the Honolulu Symphony Endowment Fund	500,000	-

STATE OF HAWAII

SUPPLEMENTARY SCHEDULE OF CHANGES IN UNRESERVED-UNDESIGNATED
FUND BALANCE - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

Detailed List of Appropriations Authorized and Unrequired Balances
of Appropriations Lapsed - Classified by Legislative Acts

		Appropriations Authorized	Unrequired Balances Lapsed
Appropriations authorized by State Legislature in regular session of 1987 - effective July 1, 1987 (continued):			
A383	Kalakaua Avenue Safety and Beautification Project - Grant-in-Aid	$ 4,560,000	$ -
	Richards Street YWCA building improvements - Grant-in-Aid	500,000	15,000
		1,973,086,602	52,964,249
Appropriations authorized by State Legislature in regular session of 1988 - effective prior to June 30, 1988:			
SL 88 A1	Collective bargaining cost items - Bargaining Unit 5	15,522,718	-
A2	Session and non-session expenses of the Senate	2,989,196	-
	Legislative Information System - Senate	939,506	-
	Session and non-session expenses of the House of Representatives	3,899,380	-
	Legislative Information System - House of Representatives	1,533,229	-
	Legislative Information System - Legislative Reference Bureau	56,919	-
A66	Salary increases and other cost adjustments for excluded employees - Bargaining Unit 5	378,890	-
A92	Legislative relief claims - overpayment of taxes	75,300	-
	Legislative relief claims - other than overpayment of taxes	4,974,393	-
		30,369,531	-
Changes in means of financing authorized by State Legislature in Section 236, Act 300, S.L.H. of 1985:			
SL 85 A300	Haena Beach State Park	5,600	-
	Halawa Stream dredging	3,000,000	-
	HPBA Statewide Interactive, Closed-Circuit Educational Television System	175,350	-
	State capital improvements and renovations	1,702,000	-
		4,882,950	-
Change in means of financing authorized by State Legislature in Section 296, Act 390, S.L.H. of 1988, amending Act 217, S.L.H. 1987:			
SL 87 A217	Hawaii County Economic Opportunity Council building renovation	45,000	-
Appropriations authorized by State Constitution:			
	Salaries:		
	Members of the Senate	390,000	7,122
	Members of the House of Representatives	795,600	-
		1,185,600	7,122

STATE OF HAWAII

SUPPLEMENTARY SCHEDULE OF CHANGES IN UNRESERVED-UNDESIGNATED
FUND BALANCE - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

Detailed List of Appropriations Authorized and Unrequired Balances
of Appropriations Lapsed - Classified by Legislative Acts

			Appropriations Authorized	Unrequired Balances Lapsed
Special and continuous appropriations authorized by the Hawaii Revised Statutes:				
HRS	185-4	Firefighters' Contingency Fund	$ 250,000	$ 611
Unrequired balance of appropriations in force June 30, 1988 - lapsed:				
SL	79 A214	General appropriations of 1979, for 1979-1981	-	1,683
SSL	81 A1	General appropriations of 1981, for 1981-1983	-	19,174
SL	83 A1	Legislative Reference Bureau	-	26,709
	A301	General appropriations of 1983, for 1983-1985	-	223,732
SL	85 A148	State of Hawaii Land Evaluation and Site Assessment Commission	-	1,467
	A193	Office of Hawaiian Affairs	-	144
	A272	Domiciliary care	-	22,531
	A296	Hawaii Workers' Compensation State Fund - Commerce and Consumer Affairs	-	9,566
		Hawaii Workers' Compensation State Fund - Labor and Industrial Relations	-	227
	A300	Capital improvements, general appropriations of 1985	-	3,024,544
		General appropriations of 1985, for 1985-1987	-	8,833,806
SL	86 A1	Session and non-session expenses of the Senate	-	132
		Session and non-session expenses of the House of Representatives	-	643
		Office of the Legislative Auditor	-	1,481
		Legislative Reference Bureau	-	23
		Office of the Ombudsman	-	370
		State Ethics Commission	-	41
SSL	86 A2	Reform Liability Insurance Regulatory System	-	7,032
SL	86 A197	State standards for underground storage tanks	-	1,443
	A220	Groundwater Protection and Risk Assessment Program	-	5,627
	A255	Hazardous Waste Program	-	4,329
	A260	Formulation of human resources development policy	-	32
	A278	Social rehabilitation of confined adults	-	5,036
	A304	Workers' compensation self-insurance groups	-	4,400
	A316	Criminal history checks required by Child Protective Act	-	7
	A328	Regulation of adult foster care homes and study of developmentally disabled adult care needs	-	2,042
	A332	Child support enforcement	-	85,830
	A340	Transient accommodations tax	-	996
	A348	Courts of Appeal	-	9,122
		Circuit Courts	-	35,399
		Family Courts	-	27,878

STATE OF HAWAII

SUPPLEMENTARY SCHEDULE OF CHANGES IN UNRESERVED-UNDESIGNATED
FUND BALANCE - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

Detailed List of Appropriations Authorized and Unrequired Balances
of Appropriations Lapsed - Classified by Legislative Acts

		Appropriations Authorized	Unrequired Balances Lapsed
Unrequired balance of appropriations in force June 30, 1988 - lapsed (continued):			
	District Courts	$ -	$ 40,380
	Administrative Director Services	-	127,784
87 Al	Session and non-session expenses of the Senate	-	100
	Senate Contingency Fund for 1987 session	-	7,968
	Session and non-session expenses of the House of Representatives	-	72
	House of Representatives Contingency Fund for 1987 session	-	13,696
A215	Legislative relief claims - other than overpayment of taxes	-	33,223
A296	Criminal Injuries Compensation Fund	-	183
HRS 185-4	Firefighters' Contingency Fund	-	1,919
		-	12,580,771
		$ 2,009,819,683	$ 65,552,753

SPECIAL REVENUE FUNDS

The Special Revenue Funds category is used to account for the proceeds of specific revenue sources other than expendable trusts or major capital projects that are legally restricted for specified purposes. The major Special Revenue Funds are presented separately in the accompanying financial statements, with the remainder grouped as a single entity. The major Special Revenue Funds are as follows:

Highways - plans and supervises the construction and maintenance of the State highway system. It prepares and submits for approval the project statements for proposed construction of Federal aid highways.

Special Land and Development Fund - collects rent from leases, licenses and permits derived from public lands. It develops, improves and maintains the public lands under its control.

Farm Loan Revolving Fund - provides agricultural loans to promote the development of agriculture in Hawaii. It also guarantees farm loans provided by other established sources of credit in the State.

School Food Services - receives revenue from the sale of meals and Federal funding. It maintains and operates the public school cafeterias.

Other Special Revenue Funds - includes intergovernmental revenues and expenditures for welfare, lower education and public safety.

STATE OF HAWAII

EXHIBIT C-1

COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
JUNE 30, 1988

ASSETS	Highways	Special Land And Development Fund	Farm Loan Revolving Fund	School Food Services	Other Special Revenue Funds	Total
CASH AND SHORT-TERM CASH INVESTMENTS	$ 51,000,254	$ 4,458,759	$ 12,092,795	$ 3,071,973	$ 146,060,674	$ 216,684,455
RECEIVABLES						
Accounts	-	-	-	-	3,101	3,101
Notes	-	-	15,004,773	-	45,308,780	60,313,553
Total receivables	-	-	15,004,773	-	45,311,881	60,316,654
INVESTMENTS	-	-	-	-	4,130,736	4,130,736
OTHER ASSETS	-	-	1,152	-	24,000	25,152
TOTAL ASSETS	$ 51,000,254	$ 4,458,759	$ 27,098,720	$ 3,071,973	$ 195,527,291	$ 281,156,997
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Vouchers payable	411,068	7,872	6,856,650	47,856	7,633,821	14,957,267
Advances from General Fund	-	-	-	-	357,094	357,094
Total liabilities	411,068	7,872	6,856,650	47,856	7,990,915	15,314,361
FUND EQUITY						
Reserved for:						
Continuing appropriations - unliquidated encumbrances	19,783,668	65,246	-	933,629	29,094,565	49,877,108
Receivables	-	-	15,004,773	-	45,311,881	60,316,654
Investments	-	-	-	-	4,130,736	4,130,736
Other assets	-	-	1,152	-	24,000	25,152
	19,783,668	65,246	15,005,925	933,629	78,561,182	114,349,650
Unreserved fund balances:						
Designated for future expenditures	5,027,707	-	-	-	28,382,860	33,410,567
Undesignated	25,777,811	4,385,641	5,236,145	2,090,488	80,592,334	118,082,419
Total fund equity	50,589,186	4,450,887	20,242,070	3,024,117	187,536,376	265,842,636
TOTAL LIABILITIES AND FUND EQUITY	$ 51,000,254	$ 4,458,759	$ 27,098,720	$ 3,071,973	$ 195,527,291	$ 281,156,997

STATE OF HAWAII

EXHIBIT C-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND BALANCES - SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Highways	Special Land And Development Fund	Farm Loan Revolving Fund	School Food Services	Other Special Revenue Funds	Total
REVENUES						
Taxes						
General excise tax - Highways	$ 14,328,435	$ -	$ -	$ -	$ -	$ 14,328,435
Liquid fuel tax:						
Highways	42,031,013	-	-	-	-	42,031,013
Boating	-	-	-	-	781,975	781,975
Vehicle registration fee tax	7,270,692	-	-	-	-	7,270,692
State vehicle weight tax	11,088,115	-	-	-	-	11,088,115
Income tax designation for election campaign	-	-	-	-	461,852	461,852
Total taxes	74,718,255	-	-	-	1,243,827	75,962,082
Non-taxes						
Interest and investment income	912,829	191,934	-	-	10,006,123	11,110,886
Charges for current services	332,641	47,594	-	10,653,862	37,263,088	48,297,185
Intergovernmental	49,105,343	-	-	17,214,754	288,807,718	355,127,815
Rentals	1,848	1,308,503	-	-	4,612,649	5,923,000
Fines, forfeitures and penalties	304,605	-	-	-	1,313,551	1,618,156
Licenses and fees	87,258	-	-	-	729,496	816,754
Revenues from private sources	-	-	-	-	467,491	467,491
Other	4,814,553	4,150	1,941,622	2,954	8,563,463	15,326,742
Total non-taxes	55,559,077	1,552,181	1,941,622	27,871,570	351,763,579	438,688,029
Total revenues	130,277,332	1,552,181	1,941,622	27,871,570	353,007,406	514,650,111
OTHER FINANCING SOURCES						
Operating transfers in from General Fund	-	-	-	-	3,012,955	3,012,955
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 130,277,332	$ 1,552,181	$ 1,941,622	$ 27,871,570	$ 356,020,361	$ 517,663,066

STATE OF HAWAII

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND BALANCES - SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Highways	Special Land And Development Fund	Farm Loan Revolving Fund	School Food Services	Other Special Revenue Funds	Total
EXPENDITURES						
General government	$ -	$ -	$ -	$ -	$ 5,928,294	$ 5,928,294
Public safety	-	-	-	-	25,562,525	25,562,525
Highways	75,730,417	-	-	-	747,490	76,477,907
Conservation of natural resources	-	594,577	8,592,478	-	2,473,075	11,660,130
Health	-	-	-	-	18,592,595	18,592,595
Welfare	-	-	-	-	189,092,221	189,092,221
Lower education	-	-	-	29,080,734	52,432,249	81,512,983
Other education	-	-	-	-	4,799,591	4,799,591
Culture and recreation	-	-	-	-	9,207,326	9,207,326
Urban redevelopment and housing	-	-	-	-	3,838,830	3,838,830
Economic development and assistance	-	-	-	-	24,944,618	24,944,618
Other	-	-	-	-	14,370,317	14,370,317
Total expenditures	75,730,417	594,577	8,592,478	29,080,734	351,989,131	465,987,337
OTHER FINANCING USES						
Operating transfers out to:						
Capital Projects Fund	42,669,966	-	-	-	-	42,669,966
Enterprise Funds	-	-	-	-	42,826	42,826
Total other financing uses	42,669,966	-	-	-	42,826	42,712,792
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 118,400,383	$ 594,577	$ 8,592,478	$ 29,080,734	$ 352,031,957	$ 508,700,129

STATE OF HAWAII

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND BALANCES - SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Highways	Special Land And Development Fund	Farm Loan Revolving Fund	School Food Services	Other Special Revenue Funds	Total
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 11,876,949	$ 957,604	$ (6,650,856)	$ (1,209,164)	$ 3,988,404	$ 8,962,937
Net transfers (to) from other Special Revenue Funds	(672)	-	-	(23,653)	24,325	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	11,876,277	957,604	(6,650,856)	(1,232,817)	4,012,729	8,962,937
OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES						
Add:						
Continuing appropriations, July 1, 1987	15,073,430	57,714	-	743,363	26,281,224	42,155,731
Unreserved-designated for future expenditures, July 1, 1987	3,052,313	-	-	-	27,385,312	30,437,625
Deduct:						
Continuing appropriations, June 30, 1988	19,783,668	65,246	-	933,629	29,094,565	49,877,108
Unreserved-designated for future expenditures, June 30, 1988	5,027,707	-	-	-	28,382,860	33,410,567
Total other changes in unreserved-undesignated fund balances	(6,685,632)	(7,532)	-	(190,266)	(3,810,889)	(10,694,319)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AND OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES	5,190,645	950,072	(6,650,856)	(1,423,083)	201,840	(1,731,382)
UNRESERVED-UNDESIGNATED FUND BALANCES, JULY 1, 1987, AS PREVIOUSLY REPORTED	20,587,166	3,435,569	11,887,001	3,513,571	78,566,019	117,989,326
PRIOR PERIOD ADJUSTMENT	-	-	-	-	1,824,475	1,824,475
UNRESERVED-UNDESIGNATED FUND BALANCES, JULY 1, 1987, AS RESTATED	20,587,166	3,435,569	11,887,001	3,513,571	80,390,494	119,813,801
UNRESERVED-UNDESIGNATED FUND BALANCES, JUNE 30, 1988	$ 25,777,811	$ 4,385,641	$ 5,236,145	$ 2,090,488	$ 80,592,334	$ 118,082,419

COMBINING STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
REVENUES			
Taxes			
General excise tax - Highways	$ 14,789,000	$ 14,328,435	$ (460,565)
Liquid fuel tax:			
Highways	40,139,000	42,031,013	1,892,013
Boating	672,000	781,975	109,975
Vehicle registration fee tax	7,310,000	7,270,692	(39,308)
State vehicle weight tax	10,688,000	11,088,115	400,115
Income tax designation for election campaign	700,000	461,852	(238,148)
Total taxes	74,298,000	75,962,082	1,664,082
Non-taxes			
Interest and investment income	7,745,350	11,110,886	3,365,536
Charges for current services	40,115,130	48,297,185	8,182,055
Intergovernmental	390,849,599	355,127,815	(35,721,784)
Rentals	4,604,567	5,923,000	1,318,433
Fines, forfeitures and penalties	470,500	1,618,156	1,147,656
Licenses and fees	382,000	816,754	434,754
Revenues from private sources	728,000	467,491	(260,509)
Other	7,122,000	15,326,742	8,204,742
Total non-taxes	452,017,146	438,688,029	(13,329,117)
Total revenues	526,315,146	514,650,111	(11,665,035)
OTHER FINANCING SOURCES			
Operating transfers in from General Fund	-	3,012,955	3,012,955
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 526,315,146	$ 517,663,066	$ (8,652,080)

STATE OF HAWAII

COMBINING STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
EXPENDITURES			
General government	$ 15,315,855	$ 5,269,903	$ 10,045,952
Public safety	27,747,466	22,698,477	5,048,989
Highways	72,911,567	71,532,011	1,379,556
Conservation of natural resources	4,447,874	10,874,095	(6,426,221)
Health	24,317,951	27,064,363	(2,746,412)
Welfare	171,016,288	151,750,013	19,266,275
Lower education	61,025,760	80,658,080	(19,632,320)
Other education	3,777,355	4,875,168	(1,097,813)
Culture and recreation	10,894,887	9,274,224	1,620,663
Economic development and assistance	26,270,495	20,754,340	5,516,155
Other	14,141,487	14,043,996	97,491
TOTAL EXPENDITURES	431,866,985	418,794,670	13,072,315
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$ 94,448,161	$ 98,868,396	$ 4,420,235

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

Functions Of Government	Actual (GAAP Basis)	Non-Budgeted Expenditures (Actual)	Budgeted Expenditures (Actual)	Encumbrances	Actual (Budgetary Basis)	Budgeted Expenditures	Variance - Favorable (Unfavorable)
General government	$ 5,928,294	$ 1,976,981	$ 3,951,313	$ 1,318,590	$ 5,269,903	$ 15,315,855	$ 10,045,952
Public safety	25,562,525	3,303,215	22,259,310	439,167	22,698,477	27,747,466	5,048,989
Highways	76,477,907	19,646,689	56,831,218	14,700,793	71,532,011	72,911,567	1,379,556
Conservation of natural resources	11,660,130	1,104,532	10,555,598	318,497	10,874,095	4,447,874	(6,426,221)
Health	18,592,595	373,798	18,218,797	8,845,566	27,064,363	24,317,951	(2,746,412)
Welfare	189,092,221	40,785,697	148,306,524	3,443,489	151,750,013	171,016,288	19,266,275
Lower education	81,512,983	5,102,501	76,410,482	4,247,598	80,658,080	61,025,760	(19,632,320)
Other education	4,799,591	117,827	4,681,764	193,404	4,875,168	3,777,355	(1,097,813)
Culture and recreation	9,207,326	1,427,681	7,779,645	1,494,579	9,274,224	10,894,887	1,620,663
Urban redevelopment and housing	3,838,830	3,838,830	-	-	-	-	-
Economic development and assistance	24,944,618	4,467,101	20,477,517	276,823	20,754,340	26,270,495	5,516,155
Other	14,370,317	1,121,092	13,249,225	794,771	14,043,996	14,141,487	97,491
Other financing uses - operating transfers out to:							
Capital Projects Fund	42,669,966	42,669,966	-	-	-	-	-
Enterprise Funds	42,826	42,826	-	-	-	-	-
	$ 508,700,129	$ 125,978,736	$ 382,721,393	$ 36,073,277	$ 418,794,670	$ 431,866,985	$ 13,072,315

DEBT SERVICE FUNDS

The Debt Service Funds category is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest of reimbursable general obligation bonds, as well as regular general obligation bonds. The Debt Service Funds consist of the following:

General Obligation Bonds Serviced by General Fund - accounts for operating transfers from the General Fund for periodic payment of interest and principal of general obligation bonds and related costs.

General Obligation Bonds Serviced by Other Funds - several funds utilize the proceeds from general obligation bonds to finance capital expenditures and provide housing loans. These funds pay for their proportionate share of interest and principal. The funds are comprised of the following:

- Off-Street Parking
- Department of Transportation:
  - Airports Division
  - Harbors Division
- Housing Funds
- University Funds

STATE OF HAWAII

EXHIBIT D-1

COMBINING BALANCE SHEET - DEBT SERVICE FUNDS
JUNE 30, 1988

ASSETS	Funds Servicing General Obligation Bonds						
		Other Funds					
	General	Off-Street Parking	Airports	Harbors	Housing	University	Total
CASH AND SHORT-TERM CASH INVESTMENTS	$ 12,318,427	$ -	$ -	$ -	$ -	$ -	$ 12,318,427
DUE FROM GENERAL FUND	122,679	-	-	-	-	-	122,679
OTHER - loans for issued general obligation bonds	168,061,302	9,312,194	30,625,489	13,370,262	-	26,578,948	247,948,195
TOTAL ASSETS	$ 180,502,408	$ 9,312,194	$ 30,625,489	$ 13,370,262	$ -	$ 26,578,948	$ 260,389,301
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Matured bond principal payable . .	7,686,843	-	-	-	-	-	7,686,843
Matured bond interest payable . . .	4,631,184	-	-	-	-	-	4,631,184
Other	400	-	-	-	-	-	400
Total liabilities	12,318,427	-	-	-	-	-	12,318,427
FUND EQUITY							
Reserved for:							
Continuing appropriations	122,679	-	-	-	-	-	122,679
Bond redemption	168,061,302	9,312,194	-	-	-	-	177,373,496
Loans to Enterprise and University Funds	-	-	30,625,489	13,370,262	-	26,578,948	70,574,699
Total fund equity	168,183,981	9,312,194	30,625,489	13,370,262	-	26,578,948	248,070,874
TOTAL LIABILITIES AND FUND EQUITY	$ 180,502,408	$ 9,312,194	$ 30,625,489	$ 13,370,262	$ -	$ 26,578,948	$ 260,389,301

STATE OF HAWAII

EXHIBIT D-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND BALANCES - DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Funds Servicing General Obligation Bonds						
		Other Funds					
	General	Off-Street Parking	Airports	Harbors	Housing	University	Total
REVENUES							
Contributions from agencies participating in debt service requirements	$ 24,186,611	$ 749,064	$ 5,848,688	$ 3,442,937	$ 3,229,945	$ 2,085,770	$ 39,543,015
OTHER FINANCING SOURCES							
Operating transfers in from General Fund:							
Appropriation for debt service from Act 216, SLH 1987	255,550,830	-	-	-	-	-	255,550,830
Deduct unrequired balance of General Fund appropriation lapsed	369,243	-	-	-	-	-	369,243
Total other financing sources	255,181,587	-	-	-	-	-	255,181,587
TOTAL REVENUES AND OTHER FINANCING SOURCES	279,368,198	749,064	5,848,688	3,442,937	3,229,945	2,085,770	294,724,602
EXPENDITURES							
Principal of serial bonds	135,694,270	-	-	-	-	-	135,694,270
Interest on bonds	119,117,610	-	-	-	-	-	119,117,610
Fiscal agents' fees and other expenses	419,374	-	-	-	-	-	419,374
Total expenditures	255,231,254	-	-	-	-	-	255,231,254
OTHER FINANCING USES							
Operating transfers out to General Fund - agencies' debt service contributions on general obligation bond debt service fully appropriated from General Fund	24,186,611	749,064	5,848,688	3,442,937	3,229,945	2,085,770	39,543,015
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 279,417,865	$ 749,064	$ 5,848,688	$ 3,442,937	$ 3,229,945	$ 2,085,770	$ 294,774,269

STATE OF HAWAII

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND BALANCES - DEBT SERVICE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Funds Servicing General Obligation Bonds						
		Other Funds					
	General	Off-Street Parking	Airports	Harbors	Housing	University	Total
EXCESS OF EXPENDITURES AND OTHER FINANCING USES OVER REVENUES AND OTHER FINANCING SOURCES	$ (49,667)	$ -	$ -	$ -	$ -	$ -	$ (49,667)
OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES							
Add continuing appropriations reserved for bond redemption, July 1, 1987	172,346	-	-	-	-	-	172,346
Deduct continuing appropriations reserved for bond redemption, June 30, 1988	122,679	-	-	-	-	-	122,679
Total other changes in unreserved-undesignated fund balances	49,667	-	-	-	-	-	49,667
EXCESS OF EXPENDITURES AND OTHER FINANCING USES OVER REVENUES AND OTHER FINANCING SOURCES AND OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES	-	-	-	-	-	-	-
UNRESERVED-UNDESIGNATED FUND BALANCES, JULY 1, 1987	-	-	-	-	-	-	-
UNRESERVED-UNDESIGNATED FUND BALANCES, JUNE 30, 1988	$ -	$ -	$ -	$ -	$ -	$ -	$ -

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and University Funds).

STATE OF HAWAII

EXHIBIT E-1

BALANCE SHEET - CAPITAL PROJECTS FUND
JUNE 30, 1988

ASSETS

CASH AND SHORT-TERM INVESTMENTS		$ 61,011,185
INVESTMENTS		98,390,197
TOTAL ASSETS		$ 159,401,382

LIABILITIES AND FUND EQUITY

LIABILITIES		
Vouchers payable	$ 4,718,121	
Due to Enterprise Funds	251,369	
Due to University Funds	691,185	
Total liabilities		5,660,675
FUND EQUITY		
Reserved for continuing appropriations:		
Unencumbered allotments	40,532,050	
Unliquidated encumbrances	210,864,277	
	251,396,327	
Reserved for Federal aid highway projects encumbrances	44,348,507	
		295,744,834
Unreserved-undesignated		(142,004,127)
Total fund equity		153,740,707
TOTAL LIABILITIES AND FUND EQUITY		$ 159,401,382

STATE OF HAWAII

EXHIBIT E-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND DEFICIT - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

FINANCING SOURCES		
Proceeds from general obligation bonds	$ 159,452,192	
Operating transfers in from Special Revenue Funds	42,669,966	
Operating transfers in from University Funds	94,086	
TOTAL FINANCING SOURCES		$ 202,216,244
EXPENDITURES		
General government	16,127,711	
Public safety	9,860,781	
Highways	59,301,975	
Conservation of natural resources	1,005,566	
Health	5,547,942	
Welfare	914,533	
Lower education	41,468,043	
Higher education	18,227,621	
Other education	1,449	
Culture and recreation	9,286,251	
Urban redevelopment and housing	5,204,921	
Economic development and assistance	27,710,100	
Total expenditures		194,656,893
OTHER FINANCING USES		
Operating transfers out to Enterprise Funds		20,327,620
TOTAL EXPENDITURES AND OTHER FINANCING USES		214,984,513
EXCESS OF EXPENDITURES AND OTHER FINANCING USES OVER FINANCING SOURCES		(12,768,269)
OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND DEFICIT		
Add:		
Continuing appropriations, July 1, 1987, as previously reported	157,133,270	
Prior period adjustment	325,444	
Continuing appropriations, July 1, 1987, as restated	157,458,714	
Deduct continuing appropriations, June 30, 1988	251,396,327	
	(93,937,613)	
Increase in reserve for Federal aid highway projects encumbrances	(12,374,485)	
Total other changes in unreserved-undesignated fund deficit		(106,312,098)
EXCESS OF EXPENDITURES AND OTHER FINANCING USES AND OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND DEFICIT OVER FINANCING SOURCES		(119,080,367)
UNRESERVED-UNDESIGNATED FUND DEFICIT, JULY 1, 1987, AS PREVIOUSLY REPORTED	(24,124,921)	
Prior period adjustment	1,201,161	
UNRESERVED-UNDESIGNATED FUND DEFICIT, JULY 1, 1987, AS RESTATED		(22,923,760)
UNRESERVED-UNDESIGNATED FUND DEFICIT, JUNE 30, 1988		$ (142,004,127)

SUPPLEMENTARY SCHEDULE OF RECONCILIATION
WITH BONDS ISSUED - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Bonds Issued	Appropriations	Transfers	Expenditures		Lapses	Balances
				Prior Years	Current Year		
GENERAL OBLIGATION BONDS							
General government	$ 251,055,688	$ 344,037,585	$ (12,963,063)	$ 230,179,242	$ 16,127,711	$ 40,144,827	$ 44,622,742
Public safety	135,293,524	151,914,779	5,134,587	121,567,295	9,860,781	7,671,638	17,949,652
Highways	304,623,559	464,020,225	763,440	299,611,468	15,803,730	35,922,500	113,445,967
Conservation of natural resources	138,628,754	166,667,563	413,429	135,007,573	1,005,566	21,989,710	9,078,143
Health	82,952,438	149,554,984	361,760	77,778,511	5,637,771	40,240,886	26,259,576
Hospitals	109,571,986	126,783,907	1,457,200	107,961,157	3,747,790	11,063,632	5,468,528
Welfare	621,723	22,256,653	80,368	496,478	3,784,920	305,271	17,750,352
Lower education	508,096,147	635,251,084	555,090	479,591,748	41,468,043	58,435,021	56,311,362
Higher education	404,734,874	463,453,138	2,405,874	373,104,484	18,315,494	31,859,524	42,579,510
Other education	5,123,259	5,353,494	-	5,152,758	1,449	95,787	103,500
Culture and recreation	249,083,154	318,858,961	601,335	231,322,864	9,286,252	39,974,746	38,876,434
Urban redevelopment and housing	119,697,089	131,628,515	(18,000)	114,914,915	4,485,172	3,841,372	8,369,056
Economic development and assistance	110,822,223	161,363,018	1,119,980	78,928,249	27,730,141	21,057,034	34,767,574
Airports	68,838,895	69,109,434	68,000	68,838,228	667	271,419	67,120
Water transport and terminals	50,546,095	55,698,964	20,000	49,962,149	453,499	3,315,208	1,988,108
Other	143,914,072	90,000	-	90,000	-	-	-
Total general obligation bonds	$ 2,683,603,480	$ 3,266,042,304	$ -	$ 2,374,507,119	$ 157,708,986	$ 316,188,575	$ 417,637,624

STATE OF HAWAII

SUPPLEMENTARY SCHEDULE OF RECONCILIATION
WITH BONDS ISSUED - CAPITAL PROJECTS FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Bonds Issued	Appropriations	Transfers	Expenditures: Prior Years	Expenditures: Current Year	Lapses	Balances
REVENUE BONDS							
Health	$ -	$ 58,820,000	$ -	$ -	$ -	$ -	$ 58,820,000
Hospitals	-	10,900,000	-	-	-	-	10,900,000
Higher education	8,010,000	9,279,715	-	6,350,146	958,815	1,279,568	691,186
Urban redevelopment and housing	597,325,000	1,486,500,000	-	594,142,853	1,498,608	-	890,858,539
Economic development and assistance	-	639,112,000	-	-	-	277,927,000	361,185,000
Airports	419,093,454	622,377,218	-	276,631,163	46,528,023	61,653,546	237,564,486
Water transport and terminals	66,004,290	82,532,193	-	47,584,717	3,122,681	9,417,802	22,406,993
Total revenue bonds	1,090,432,744	2,909,521,126	-	924,708,879	52,108,127	350,277,916	1,582,426,204
TOTAL ALL BONDS	$ 3,774,036,224	$ 6,175,563,430	$ -	$ 3,299,215,998	209,817,113	$ 666,466,491	2,000,063,828
Reconciliation with Capital Projects Fund:							
Add: Highways programs					43,498,245		44,348,507
Subtotal					253,315,358		2,044,412,335
Deduct:							
Enterprise Funds:							
Airports					46,548,733		237,631,934
Harbors					3,576,180		24,395,102
State Hospitals					3,837,620		-
Housing					3,649,245		876,794,612
Total Enterprise Funds					57,611,778		1,138,821,648
University Funds					1,046,687		1,021,235
Special purpose revenue bonds not included in general purpose financial statements					-		395,905,000
Reclassification of unallotted appropriations against unreserved-undesignated fund deficit					-		212,919,618
					$ 194,656,893		$ 295,744,834

ENTERPRISE FUNDS

The Enterprise Funds are used to account for operations financed and operated in a manner similar to private business enterprises, where the costs of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. The Enterprise Funds are comprised of the following:

Department of Transportation - Airports Division (Airports) - responsible for the equipment, regulation and operation of the State airports as a financially self-sustaining system. It also plans, designs and constructs new, expanded airports and improves existing facilities. The division also promotes aeronautical safety in the State.

Department of Transportation - Harbors Division (Harbors) - fosters the development of water transportation in Hawaii. The division supervises and maintains the harbor operations and plans the construction of new harbor facilities. It maintains control over ocean shores and promotes navigational safety.

Housing Funds (Housing) - accounts for the Hawaii Housing Authority and the Housing Finance and Development Corporation. The funds are responsible for the land reform programs, development and administration of State and Federal rental housing projects, State-financed dwelling unit sales and issuance of mortgage revenue bonds.

State Hospitals Fund (State Hospitals) - accounts for all transactions relating to hospitals owned and operated as hospital enterprises by the State. The fund accounts for the following hospitals:

Hilo Hospital
Honokaa Hospital
Ka'u Hospital
Kauai Veterans Memorial Hospital
Kohala Hospital
Kona Hospital
Kula Hospital
Lanai Community Hospital
Leahi Hospital
Samuel Mahelona Memorial Hospital
Maluhia Hospital
Maui Memorial Hospital and Hana Medical Center

STATE OF HAWAII

EXHIBIT F-1

COMBINING BALANCE SHEET - ENTERPRISE FUNDS
JUNE 30, 1988

ASSETS	Airports	Harbors	Housing	State Hospitals	Total
CURRENT ASSETS					
Cash and short-term cash investments	$ 123,799,450	$ 19,240,669	$ 80,357,348	$ 16,531,314	$ 239,928,781
Receivables:					
Aviation fuel tax	523,938	-	-	-	523,938
Accounts - net	19,636,413	3,031,789	-	33,757,245	56,425,447
Accrued interest	2,022,271	742,626	4,661,653	-	7,426,550
Notes and loans	-	-	520,743	-	520,743
Federal Government	4,180,856	576,639	19,661,333	-	24,418,828
Other	-	16,960	667,057	1,864,184	2,548,201
Due from Capital Projects Fund	-	251,369	-	-	251,369
Investments	-	-	1,000,000	-	1,000,000
Inventory of materials and supplies	159,185	54,915	343,419	2,650,023	3,207,542
Dwelling unit inventory	-	-	2,004,309	-	2,004,309
Unamortized bond issue costs, current portion	-	-	363,659	-	363,659
Prepaid expenses	6,030	-	337,927	99,667	443,624
Total current assets	150,328,143	23,914,967	109,917,448	54,902,433	339,062,991
RESTRICTED ASSETS					
Cash and short-term cash investments	157,859,018	26,923,462	24,735,393	4,426,234	213,944,107
Accounts receivable	154,332	-	-	-	154,332
Investments:					
U. S. Government securities	37,044,706	11,881,445	49,600,969	-	98,527,120
Repurchase agreements	-	-	45,265,965	-	45,265,965
Net direct financing leases	9,459,092	17,176,034	-	-	26,635,126
Other	-	-	10,000	273,854	283,854
Total restricted assets	204,517,148	55,980,941	119,612,327	4,700,088	384,810,504
PROPERTY, PLANT AND EQUIPMENT					
Land and land improvements	331,600,194	69,415,239	30,513,842	1,922,381	433,451,656
Buildings and other improvements	258,609,403	102,282,433	156,950,959	79,664,351	597,507,146
Machinery and equipment	17,856,331	2,730,387	5,959,648	48,947,851	75,494,217
Construction in progress	240,199,412	68,149,509	-	8,366,384	316,715,305
	848,265,340	242,577,568	193,424,449	138,900,967	1,423,168,324
Less accumulated depreciation	200,339,615	48,283,958	70,495,888	43,712,253	362,831,714
Net property, plant and equipment	647,925,725	194,293,610	122,928,561	95,188,714	1,060,336,610
OTHER ASSETS:					
Accrued interest	-	-	754,829	-	754,829
Mortgage loans receivable	-	-	273,490,207	-	273,490,207
Long-term portion of notes and loans receivable	-	-	14,002,222	-	14,002,222
Investments - U. S. Government securities	-	-	5,440,095	-	5,440,095
Land held for future development	-	-	28,565,496	-	28,565,496
Unamortized bond issue costs	4,072,519	1,089,920	7,222,351	-	12,384,790
Advances due from lessees	-	-	835,118	-	835,118
Other	-	-	1,357,075	-	1,357,075
TOTAL ASSETS	$ 1,006,843,535	$ 275,279,438	$ 684,125,729	$ 154,791,235	$ 2,121,039,937

STATE OF HAWAII

COMBINING BALANCE SHEET - ENTERPRISE FUNDS (Continued)
JUNE 30, 1988

LIABILITIES AND FUND EQUITY	Airports	Harbors	Housing	State Hospitals	Total
CURRENT LIABILITIES					
Vouchers and contracts payable	$ 7,392,699	$ 759,213	$ 805,751	$ 3,932,946	$ 12,890,609
Other accrued liabilities	3,786,757	1,190,925	25,275,940	46,333,525	76,587,147
Prepaid airport use charge	12,949,231	-	-	-	12,949,231
Due to General Fund	-	15,000	-	-	15,000
Due to Federal Government, current portion	-	-	1,450,000	-	1,450,000
Notes payable, current portion	-	-	21,800	-	21,800
Liabilities collateralized by HUD annual contributions, current portion	-	-	74,501,362	-	74,501,362
General obligation bonds payable, current portion	3,780,821	-	-	-	3,780,821
Custodial funds and deposits	-	-	-	266,598	266,598
Total current liabilities (payable from current assets)	27,909,508	1,965,138	102,054,853	50,533,069	182,462,568
LIABILITIES PAYABLE FROM RESTRICTED ASSETS					
Contracts payable and other	8,099,890	668,184	-	-	8,768,074
Accrued interest	19,257,641	3,639,969	-	-	22,897,610
Matured revenue bonds and interest coupons payable	-	157,025	-	-	157,025
General obligation bonds payable	-	1,657,462	-	-	1,657,462
Revenue bonds payable	28,580,000	3,178,044	15,428,114	-	47,186,158
Due to General Fund	24,855	-	-	-	24,855
Total liabilities payable from restricted assets	55,962,386	9,300,684	15,428,114	-	80,691,184
LONG-TERM LIABILITIES					
Advances from General Fund	-	-	-	13,442,734	13,442,734
Due to Federal Government	-	-	5,685,154	-	5,685,154
Notes payable	-	-	457,524	-	457,524
Security deposits	-	-	1,382,419	-	1,382,419
Liabilities collateralized by HUD annual contributions	-	-	41,105,425	-	41,105,425
Revenue bonds payable (net of unamortized discount)	448,948,143	88,610,089	365,449,829	-	903,008,061
General obligation bonds payable	26,844,668	11,712,800	-	-	38,557,468
Other	-	-	1,057,081	-	1,057,081
Total long-term liabilities	475,792,811	100,322,889	415,137,432	13,442,734	1,004,695,866
Total liabilities	559,664,705	111,588,711	532,620,399	63,975,803	1,267,849,618
FUND EQUITY					
Contributed capital:					
Federal grants	161,690,163	54,909,929	45,283,682	-	261,883,774
State grants	4,318,165	22,184,465	159,346,203	-	185,848,833
Other	5,038,146	334,167	1,540,643	-	6,912,956
	171,046,474	77,428,561	206,170,528	-	454,645,563
Less accumulated depreciation	28,893,321	4,063,045	52,785,332	-	85,741,698
Total contributed capital	142,153,153	73,365,516	153,385,196	-	368,903,865
Retained earnings (deficit):					
Reserved for bond requirements and other	60,303,859	12,269,354	-	4,700,088	77,273,301
Unreserved	244,721,818	78,055,857	(1,879,866)	86,115,344	407,013,153
Total retained earnings (deficit)	305,025,677	90,325,211	(1,879,866)	90,815,432	484,286,454
Total fund equity	447,178,830	163,690,727	151,505,330	90,815,432	853,190,319
TOTAL LIABILITIES AND FUND EQUITY	$ 1,006,843,535	$ 275,279,438	$ 684,125,729	$ 154,791,235	$ 2,121,039,937

COMBINING STATEMENT OF REVENUES AND EXPENSES - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Airports	Harbors	Housing	State Hospitals	Total
OPERATING REVENUES					
Concession fees	$ 121,334,221	$ -	$ -	$ -	$ 121,334,221
Sales of dwelling units	-	-	15,188,065	-	15,188,065
Patient service revenues (net of contractual allowances and adjustments of $13,498,097)	-	-	-	87,950,935	87,950,935
Airport use charge	6,805,471	-	-	-	6,805,471
Rentals	12,515,400	10,933,237	14,697,996	-	38,146,633
Aviation fuel tax	6,914,188	-	-	-	6,914,188
Services and others	2,502,447	16,193,924	-	-	18,696,371
Interest	-	-	41,684,581	-	41,684,581
Other	-	-	1,565,183	1,769,245	3,334,428
Total operating revenues	150,071,727	27,127,161	73,135,825	89,720,180	340,054,893
OPERATING EXPENSES					
Personal services	28,843,522	4,915,569	7,914,102	39,687,714	81,360,907
Nursing services	-	-	-	30,508,676	30,508,676
Interest	-	-	42,660,583	-	42,660,583
Depreciation	18,393,348	3,085,976	6,390,126	5,839,143	33,708,593
Repairs and maintenance	6,467,961	4,759,374	2,883,764	-	14,111,099
Cost of sales - dwelling units	-	-	11,508,528	-	11,508,528
Airports operations	11,623,104	-	-	-	11,623,104
Harbors operations	-	1,157,786	-	-	1,157,786
Fireboat operations	-	1,006,378	-	-	1,006,378
Loan servicing fees and amortization of bond issue costs	-	-	1,242,794	-	1,242,794
General administration	6,643,697	2,450,800	4,924,780	25,954,339	39,973,616
Other	992,807	5,437	3,876,539	90,303	4,965,086
Total operating expenses	72,964,439	17,381,320	81,401,216	102,080,175	273,827,150
Operating income (loss)	$ 77,107,288	$ 9,745,841	$ (8,265,391)	$ (12,359,995)	$ 66,227,743

STATE OF HAWAII

COMBINING STATEMENT OF REVENUES AND EXPENSES - ENTERPRISE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Airports	Harbors	Housing	State Hospitals	Total
NONOPERATING REVENUES (EXPENSES)					
Interest income	$ 16,432,265	4,723,891	-	-	21,156,156
Interest expense	(25,800,889)	(7,589,924)	-	-	(33,390,813)
Amortization of bond discount and costs	-	(96,971)	-	-	(96,971)
HUD annual contributions	-	-	7,510,261	-	7,510,261
Advances due to General Fund	-	-	-	(267,695)	(267,695)
Donations and grants	-	-	-	7,859	7,859
Other	84,365	133,727	476,775	(931,988)	(237,121)
Total nonoperating revenues (expenses)	(9,284,259)	(2,829,277)	7,987,036	(1,191,824)	(5,318,324)
INCOME (LOSS) BEFORE OTHER FINANCING SOURCES AND EXTRAORDINARY ITEM	67,823,029	6,916,564	(278,355)	(13,551,819)	60,909,419
OTHER FINANCING SOURCES					
Operating transfers in from:					
General Fund	-	-	-	7,801,296	7,801,296
Special Revenue Funds	-	-	-	42,826	42,826
Capital Projects Fund	-	-	-	3,837,620	3,837,620
TOTAL OTHER FINANCING SOURCES	-	-	-	11,681,742	11,681,742
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	67,823,029	6,916,564	(278,355)	(1,870,077)	72,591,161
EXTRAORDINARY ITEM - loss from early redemption of revenue bonds payable	-	-	(625,927)	-	(625,927)
NET INCOME (LOSS)	$ 67,823,029	$ 6,916,564	$ (904,282)	$ (1,870,077)	$ 71,965,234

STATE OF HAWAII

EXHIBIT F-3

COMBINING STATEMENT OF CHANGES IN FUND EQUITY - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Airports	Harbors	Housing	State Hospitals	Total
FUND EQUITY, JULY 1, 1987					
Contributed capital	$ 127,133,716	$ 72,783,850	$ 144,241,740	$ -	$ 344,159,306
Retained earnings (deficit)	233,528,892	83,361,932	(183,976)	92,662,355	409,369,203
FUND EQUITY, JULY 1, 1987, AS PREVIOUSLY REPORTED	360,662,608	156,145,782	144,057,764	92,662,355	753,528,509
Prior period adjustments	-	-	(12,413,745)	-	(12,413,745)
FUND EQUITY, JULY 1, 1987					
Contributed capital	127,133,716	72,783,850	134,244,972	-	334,162,538
Retained earnings (deficit)	233,528,892	83,361,932	(2,600,953)	92,662,355	406,952,226
FUND EQUITY, JULY 1, 1987, AS RESTATED	360,662,608	156,145,782	131,644,019	92,662,355	741,114,764
CHANGES IN CONTRIBUTED CAPITAL					
Federal and State grants	18,614,193	728,932	353,279	-	19,696,404
Transfer in from General Fund	79,000	-	1,484,426	-	1,563,426
Transfers in from Capital Projects Fund	-	-	16,490,000	-	16,490,000
HUD annual contributions	-	-	2,437,888	-	2,437,888
Transfer of depreciation from retained earnings	(3,673,756)	(147,266)	(1,625,369)	-	(5,446,391)
	15,019,437	581,666	19,140,224	-	34,741,327
CHANGES IN RETAINED EARNINGS					
Net income (loss) for the fiscal year	67,823,029	6,916,564	(904,282)	(1,870,077)	71,965,234
Transfer of depreciation to contributed capital account	3,673,756	147,266	1,625,369	-	5,446,391
Increase in valuation allowance on investments in revenue bonds reserve account	-	(100,551)	-	-	(100,551)
Other	-	-	-	23,154	23,154
	71,496,785	6,963,279	721,087	(1,846,923)	77,334,228
FUND EQUITY, JUNE 30, 1988					
Contributed capital	142,153,153	73,365,516	153,385,196	-	368,903,865
Retained earnings (deficit)	305,025,677	90,325,211	(1,879,866)	90,815,432	484,286,454
	$ 447,178,830	$ 163,690,727	$ 151,505,330	$ 90,815,432	$ 853,190,319

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Airports	Harbors	Housing	State Hospitals	Total
SOURCES OF WORKING CAPITAL					
Operations:					
Income (loss) before extraordinary item	$ 67,823,029	$ 6,916,564	$ (278,355)	$ (1,870,077)	$ 72,591,161
Items not requiring use of (providing) working capital:					
Depreciation	18,393,348	3,085,976	6,390,126	5,839,143	33,708,593
Amortization of bond discount and issue costs	639,814	96,971	334,353	-	1,071,138
Loss on disposal of facilities	-	5,437	-	-	5,437
Earnings on investment in direct financing leases and other	-	(117,664)	-	23,154	(94,510)
Amortization of deferred commitment fees	-	-	(498,367)	-	(498,367)
Recognition of deferred gain	-	-	(96,102)	-	(96,102)
Working capital provided from operations before extraordinary item	86,856,191	9,987,284	5,851,655	3,992,220	106,687,350
Extraordinary item:					
Loss from early redemption of revenue bonds payable	-	-	(625,927)	-	(625,927)
Add noncash amount related to write-off of deferred bond issue cost	-	-	625,927	-	625,927
Working capital provided from operations	86,856,191	9,987,284	5,851,655	3,992,220	106,687,350
Contributed capital - Federal and State grants	18,693,193	728,932	20,765,593	-	40,187,718
Revenue bond proceeds	85,000,000	-	14,950,000	-	99,950,000
Repayments of mortgage loans receivable	-	-	31,416,761	-	31,416,761
Repayments of notes and loans receivable	-	-	15,417,160	-	15,417,160
Increase in advances from General Fund	-	-	-	267,695	267,695
Net decrease (increase) in restricted assets	(51,059,863)	1,973,272	53,476,248	-	4,389,657
Increase in HUD-secured liabilities	-	-	1,275,392	-	1,275,392
Increase in other advances	-	-	213,200	-	213,200
Disposal of property, plant and equipment	-	-	116,769	-	116,769
Decrease in deposit held in trust	-	-	899,077	-	899,077
Decrease in advances due from lessees	-	-	797,623	-	797,623
Increase in deferred commitment fees	-	-	280,594	-	280,594
Other	73,907	-	401,056	-	474,963
Total sources of working capital	$ 139,563,428	$ 12,689,488	$ 145,861,128	$ 4,259,915	$ 302,373,959

STATE OF HAWAII

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION - ENTERPRISE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Airports	Harbors	Housing	State Hospitals	Total
USES OF WORKING CAPITAL					
Additions to property, plant and equipment	$ 87,220,569	$ 9,364,422	$ 2,979,311	$ 7,993,964	$ 107,558,266
Redemptions and current maturities of long-term debt	21,285,820	4,147,557	36,640,065	-	62,073,442
Increase in investments	-	-	1,540,491	-	1,540,491
Additions to mortgage loans receivable	-	-	40,300,056	-	40,300,056
Increase in notes and loans receivable	-	-	1,035,922	-	1,035,922
Increase in land held for development	-	-	2,722,751	-	2,722,751
Decrease in HUD-secured liabilities	-	-	3,077,638	-	3,077,638
Net transfers to restricted funds	-	-	-	2,589,549	2,589,549
Decrease in security deposits	-	-	1,370,776	-	1,370,776
Increase in bond issue costs	1,876,051	-	379,150	-	2,255,201
Net decrease (increase) in liabilities payable from restricted assets	(2,532,420)	503,158	7,847,735	-	5,818,473
Other	-	-	175,669	-	175,669
Total uses of working capital	107,850,020	14,015,137	98,069,564	10,583,513	230,518,234
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ 31,713,408	$ (1,325,649)	$ 47,791,564	$ (6,323,598)	$ 71,855,725
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL					
Current assets:					
Cash and short-term cash investments	27,736,743	(856,065)	40,248,768	(4,640,949)	62,488,497
Receivables	4,199,190	(112,316)	4,749,937	4,846,975	13,683,786
Due from Capital Projects Fund	-	3,913	-	-	3,913
Investments	-	-	(400,000)	-	(400,000)
Inventories	(2,945)	2,649	(2,607,540)	299,299	(2,308,537)
Unamortized bond issue costs, current portion	-	-	(29,243)	-	(29,243)
Prepaid expenses	4,338	(424,250)	44,541	(115,116)	(490,487)
Current liabilities:					
Vouchers and contracts payable	(1,019,236)	(113,109)	(183,417)	(978,578)	(2,294,340)
Other accrued liabilities	(211,785)	173,529	8,553,822	(5,688,153)	2,827,413
Prepaid airport use charge	968,851	-	-	-	968,851
Due to Federal Government, current portion	-	-	(1,182,323)	-	(1,182,323)
Notes payable, current portion	-	-	(200)	-	(200)
Liabilities collateralized by HUD annual contributions, current portion	-	-	(1,402,781)	-	(1,402,781)
General obligation bonds payable, current portion	38,252	-	-	-	38,252
Custodial funds and deposits	-	-	-	(47,076)	(47,076)
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ 31,713,408	$ (1,325,649)	$ 47,791,564	$ (6,323,598)	$ 71,855,725

TRUST AND AGENCY FUNDS

The Trust and Agency Funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units or other funds. The Trust and Agency Funds consist of the following:

Expendable Trust Funds - primarily accounts for receipt of monies and payment of benefits for the unemployment compensation plan.

Tax Collections - various taxes paid under protest are deposited in a trust account. Disposition of these funds are made once the Department of Taxation's Board of Review or the State courts have rendered a decision on the taxpayer's protest.

Employee Benefits - accounts for the deferred compensation plan established for public employees. It also accounts for the Hawaii Public Employees Health Fund, which includes medical, dental and life insurance and the Hawaii State Employees U. S. Savings Bonds investment program.

Custodial and Clearance - clearing accounts for tax and certain collections pending subsequent distribution.

STATE OF HAWAII

EXHIBIT G-1

COMBINING BALANCE SHEET - TRUST AND AGENCY FUNDS
JUNE 30, 1988

ASSETS	Expendable Trust Funds	Agency Funds			Total
		Tax Collections	Employee Benefits	Custodial And Clearance	
CASH AND SHORT-TERM CASH INVESTMENTS	$ 274,531,910	$ 4,971,061	$ 2,380,729	$ 73,958,538	$ 355,842,238
INVESTMENTS					
U. S. Government securities	5,378,394	-	-	5,996,282	11,374,676
Repurchase agreements	6,000,000	-	-	-	6,000,000
Corporate stocks	118,071	-	-	-	118,071
Total investments	11,496,465	-	-	5,996,282	17,492,747
OTHER ASSETS - assets held by agents for State					
Deferred Compensation Plan	-	-	80,282,656	-	80,282,656
TOTAL ASSETS	$ 286,028,375	$ 4,971,061	$ 82,663,385	$ 79,954,820	$ 453,617,641
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Vouchers payable	91,698	4,590,675	1,963	965,151	5,649,487
Due to employees under State Deferred Compensation Plan	-	-	80,282,656	-	80,282,656
Due to individuals, businesses and counties	-	380,386	-	78,989,669	79,370,055
Other	-	-	2,378,766	-	2,378,766
Total liabilities	91,698	4,971,061	82,663,385	79,954,820	167,680,964
FUND BALANCES					
Reserved for:					
Unemployment compensation	270,078,225	-	-	-	270,078,225
Others	15,858,452	-	-	-	15,858,452
Total fund balances	285,936,677	-	-	-	285,936,677
TOTAL LIABILITIES AND FUND BALANCES	$ 286,028,375	$ 4,971,061	$ 82,663,385	$ 79,954,820	$ 453,617,641

STATE OF HAWAII

EXHIBIT G-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND BALANCES - EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

REVENUES	
Unemployment compensation tax	$ 77,009,668
Interest and investment income	23,457,120
Charges for current services	52,215
Intergovernmental	3,293,442
Donations, contributions and deposits	8,019,012
Other	9,337
Total revenues	111,840,794
EXPENDITURES	
Personal services	1,123,356
Unemployment compensation	53,603,716
Other	10,296,025
Total expenditures	65,023,097
EXCESS OF REVENUES OVER EXPENDITURES	46,817,697
OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES	
Increase in reserve for unemployment compensation and others	(46,817,697)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES	-
UNRESERVED-UNDESIGNATED FUND BALANCES, JULY 1, 1987	-
UNRESERVED-UNDESIGNATED FUND BALANCES, JUNE 30, 1988	$ -

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Balance, July 1, 1987	Additions	Deductions	Balance, June 30, 1988
TAX COLLECTIONS				
ASSETS - cash	$ 2,366,092	$ 2,208,898,923	$ 2,206,293,954	$ 4,971,061
LIABILITIES				
Vouchers payable	2,019,978	4,590,675	2,019,978	4,590,675
Due to individuals, businesses and counties	346,114	2,208,898,923	2,208,864,651	380,386
TOTAL LIABILITIES	$ 2,366,092	$ 2,213,489,598	$ 2,210,884,629	$ 4,971,061
EMPLOYEE BENEFITS				
ASSETS				
Cash	6,438,156	82,623,974	86,681,401	2,380,729
Assets held by agents for State Deferred Compensation Plan	57,080,717	27,576,694	4,374,755	80,282,656
TOTAL ASSETS	$ 63,518,873	$ 110,200,668	$ 91,056,156	$ 82,663,385
LIABILITIES				
Vouchers payable	286	1,963	286	1,963
Due to employees under State Deferred Compensation Plan	57,080,717	27,576,694	4,374,755	80,282,656
Other	6,437,870	82,623,974	86,683,078	2,378,766
TOTAL LIABILITIES	$ 63,518,873	$ 110,202,631	$ 91,058,119	$ 82,663,385
CUSTODIAL AND CLEARANCE				
ASSETS				
Cash	173,099,969	1,137,204,192	1,236,345,623	73,958,538
Investments	-	23,992,576	17,996,294	5,996,282
TOTAL ASSETS	$ 173,099,969	$ 1,161,196,768	$ 1,254,341,917	$ 79,954,820
LIABILITIES				
Vouchers payable	17,790,748	965,151	17,790,748	965,151
Due to individuals, businesses and counties	59,043,317	1,119,207,897	1,099,261,545	78,989,669
Due to General Fund	95,622,402	-	95,622,402	-
Due to Special Revenue Funds	643,502	-	643,502	-
TOTAL LIABILITIES	$ 173,099,969	$ 1,120,173,048	$ 1,213,318,197	$ 79,954,820
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	181,904,217	3,428,727,089	3,529,320,978	81,310,328
Assets held by agents for State Deferred Compensation Plan	57,080,717	27,576,694	4,374,755	80,282,656
Investments	-	23,992,576	17,996,294	5,996,282
TOTAL ASSETS	$ 238,984,934	$ 3,480,296,359	$ 3,551,692,027	$ 167,589,266
LIABILITIES				
Vouchers payable	19,811,012	5,557,789	19,811,012	5,557,789
Due to employees under State Deferred Compensation Plan	57,080,717	27,576,694	4,374,755	80,282,656
Due to individuals, businesses and counties	59,389,431	3,328,106,820	3,308,126,196	79,370,055
Due to General Fund	95,622,402	-	95,622,402	-
Due to Special Revenue Funds	643,502	-	643,502	-
Other	6,437,870	82,623,974	86,683,078	2,378,766
TOTAL LIABILITIES	$ 238,984,934	$ 3,443,865,277	$ 3,515,260,945	$ 167,589,266

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is used to account for the fixed assets of the State, excluding those in the custody of Enterprise Funds and University Funds.

STATE OF HAWAII

SCHEDULE H-1

SCHEDULE OF GENERAL FIXED ASSETS
JUNE 30, 1988

GENERAL FIXED ASSETS	
Land	$ 140,706,528
Buildings and improvements	1,052,850,127
Equipment	223,897,931
Construction in progress	42,059,338
TOTAL GENERAL FIXED ASSETS	$ 1,459,513,924
INVESTMENT IN GENERAL FIXED ASSETS	$ 1,459,513,924

STATE OF HAWAII

SCHEDULE H-2

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Land	Buildings And Improvements	Equipment	Construction In Progress	Total
BALANCE, JULY 1, 1987, AS PREVIOUSLY REPORTED	$ 366,279,616	$ 819,476,854	$ 302,214,395	$ 169,462,939	$ 1,657,433,804
Prior period adjustment	(231,580,506)	88,315,324	(98,772,199)	(46,358,815)	(288,396,196)
BALANCE, JULY 1, 1987, AS RESTATED	134,699,110	907,792,178	203,442,196	123,104,124	1,369,037,608
Additions	6,007,418	145,774,172	31,988,342	64,729,386	248,499,318
Deductions	-	716,223	11,532,607	145,774,172	158,023,002
BALANCE, JUNE 30, 1988	$ 140,706,528	$ 1,052,850,127	$ 223,897,931	$ 42,059,338	$ 1,459,513,924

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

The General Long-Term Obligations Account Group is used to account for all long-term obligations of the State, including reimbursable general obligation bonds (except for those accounted for in the Enterprise and University Funds), regular general obligation bonds and other long-term obligations.

STATE OF HAWAII

SCHEDULE I-1

SCHEDULE OF GENERAL LONG-TERM OBLIGATIONS
JUNE 30, 1988

AMOUNT AVAILABLE AND RESOURCES TO BE PROVIDED IN FUTURE YEARS		
AMOUNT AVAILABLE IN DEBT SERVICE FUNDS		$ 177,496,175
RESOURCES TO BE PROVIDED IN FUTURE YEARS		
Retirement of:		
General obligation bonds payable	$ 1,599,911,936	
Notes and installment contracts payable	10,639,525	
Accrued vacation payable	70,808,476	
Claims and judgments payable	1,600,000	
Capital lease obligation	4,180,080	
Total resources to be provided in future years		1,687,140,017
TOTAL AMOUNT AVAILABLE AND RESOURCES TO BE PROVIDED IN FUTURE YEARS		$ 1,864,636,192
GENERAL LONG-TERM OBLIGATIONS		
BONDS PAYABLE		
General obligation bonds payable		1,777,408,111
NOTES AND INSTALLMENT CONTRACTS PAYABLE		
Note payable to Housing for Hawaiian Home Lands Projects	2,386,516	
Note payable to U. S. Government for Molokai Water and Land Utilization Project	2,933,923	
Installment contracts payable	5,319,086	
Total notes and installment contracts payable		10,639,525
ACCRUED VACATION PAYABLE		70,808,476
CLAIMS AND JUDGMENTS PAYABLE		1,600,000
CAPITAL LEASE OBLIGATION		4,180,080
TOTAL GENERAL LONG-TERM OBLIGATIONS		$ 1,864,636,192

SCHEDULE OF CHANGES IN GENERAL LONG-TERM OBLIGATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	General Obligation Bonds Payable	Notes And Installment Contracts Payable	Capital Lease Obligation	Accrued Vacation Payable	Claims And Judgments Payable	Total
BALANCE, JULY 1, 1987	$ 1,746,657,473	$ 8,798,566	$ -	$ 65,412,825	$ 13,300,000	$ 1,834,168,864
Add:						
Bonds issued, fiscal year 1988	160,000,000	-	-	-	-	160,000,000
Additions to installment contracts payable	-	3,756,921	-	-	-	3,756,921
Additions to capital lease obligation	-	-	4,680,936	-	-	4,680,936
Net increase in accrued vacation payable	-	-	-	5,395,651	-	5,395,651
	1,906,657,473	12,555,487	4,680,936	70,808,476	13,300,000	2,008,002,372
Less:						
Bonds retired, fiscal year 1988	129,249,362	-	-	-	-	129,249,362
Retirement of notes payable	-	486,520	-	-	-	486,520
Retirement of installment contracts payable	-	1,429,442	-	-	-	1,429,442
Retirement of capital lease obligation	-	-	500,856	-	-	500,856
Net decrease in claims and judgments payable	-	-	-	-	11,700,000	11,700,000
BALANCE, JUNE 30, 1988	$ 1,777,408,111	$ 10,639,525	$ 4,180,080	$ 70,808,476	$ 1,600,000	$ 1,864,636,192

UNIVERSITY FUNDS

The University Funds are used to account for all transactions relating to public institutions of higher education. The University Funds are comprised of the following:

- College and universities:
  - University of Hawaii at Hilo
  - University of Hawaii at Manoa
  - West Oahu College
- Community colleges:
  - Hawaii Community College
  - Honolulu Community College
  - Kapiolani Community College
  - Kauai Community College
  - Leeward Community College
  - Maui Community College
  - Windward Community College

STATE OF HAWAII

EXHIBIT J-1

COMBINING BALANCE SHEET - UNIVERSITY FUNDS
JUNE 30, 1988

ASSETS	Current Funds Unrestricted	Current Funds Restricted	Loan Funds	Endowment Funds	Agency Funds	Plant Funds	Total
Cash and short-term cash investments	$ 32,090,255	$ 7,389,441	$ 2,044,554	$ 6,093,210	$ -	$ 4,233,605	$ 51,851,065
Receivables:							
Accounts and accrued interest (net of allowance for doubtful accounts of $199,481)	1,928,870	2,835,412	8	163,620	493,430	11,979	5,433,319
Notes (net of allowance for doubtful accounts of $3,460,082)	-	-	14,246,339	-	-	-	14,246,339
Claims - Federal grants	975	9,650,499	-	-	-	246,043	9,897,517
Other	-	-	-	179,797	-	216,320	396,117
Due from Internal University Funds	145,336	89,237	66,561	-	-	506,081	807,215
Due from other funds:							
General Fund	25,192,509	-	-	-	-	-	25,192,509
Capital Projects Fund	-	-	-	-	-	691,185	691,185
Investments	-	-	-	14,140,189	-	875,812	15,016,001
Inventory	6,040,188	-	-	-	-	-	6,040,188
Property, plant and equipment	-	-	-	-	-	619,146,488	619,146,488
Prepaid expenses	220,612	-	-	-	-	-	220,612
TOTAL ASSETS	$ 65,618,745	$ 19,964,589	$ 16,357,462	$ 23,567,416	$ 493,430	$ 626,162,547	$ 752,396,783
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Vouchers and contracts payable	6,208,492	2,870,131	-	250,467	361,608	1,492	9,692,190
Other accrued liabilities	17,413,726	2,146,941	7,851	-	-	947,920	20,516,438
Due to Internal University Funds	295,210	-	155,798	-	-	146,297	597,305
Advances from Federal Government	6,236	4,528,016	-	-	-	250,958	4,785,210
Installment contracts payable	-	-	-	-	-	1,723,517	1,723,517
Deferred revenue	6,922,341	-	-	-	-	-	6,922,341
Revenue bonds payable	-	-	-	-	-	7,206,000	7,206,000
General obligation bonds payable	-	-	-	-	-	26,578,948	26,578,948
Other	51,129	6,458,038	-	-	131,822	24,953	6,665,942
Total liabilities	31,267,134	16,505,826	163,649	250,467	493,430	36,578,928	85,259,434
FUND BALANCES							
Investment in fixed assets	-	-	-	-	-	589,583,619	589,583,619
Federal grants refundable	-	-	9,758,806	-	-	-	9,758,806
University Funds:							
Restricted	-	3,458,763	6,435,007	23,316,949	-	-	33,210,719
Unrestricted	34,584,205	-	-	-	-	-	34,584,205
Total fund balances	34,584,205	3,458,763	16,193,813	23,316,949	-	589,583,619	667,137,349
TOTAL LIABILITIES AND FUND BALANCES	$ 65,851,339	$ 19,964,589	$ 16,357,462	$ 23,567,416	$ 493,430	$ 626,162,547	$ 752,396,783

COMBINING STATEMENT OF REVENUES, EXPENDITURES, INTERFUND TRANSFERS, OPERATING TRANSFERS AND CHANGES IN FUND BALANCES - UNIVERSITY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Current Funds		Loan Funds	Endowment Funds	Plant Funds	Total
	Unrestricted	Restricted				
REVENUES AND OTHER ADDITIONS						
Educational and general revenues:						
Tuition and fees	$ 10,524,987	$ -	$ -	$ -	$ -	$ 10,524,987
Federal appropriations, grants and contracts	3,937,459	62,332,056	298,705	-	578,507	67,146,727
State and local grants and contracts	7,425	5,214,197	-	-	-	5,221,622
Private gifts, grants and contracts	-	5,775,815	-	696,058	1,995,214	8,467,087
Sales and services	4,760,683	261,038	-	-	-	5,021,721
Endowment income and others	230,682	821,488	-	-	-	1,052,170
Auxiliary enterprises revenues	34,948,477	-	-	-	-	34,948,477
Investment income	-	-	503,428	202,933	136,547	842,908
Expended for plant facilities	-	-	-	-	19,110,741	19,110,741
Contributions for plant facilities	-	-	-	-	10,197,905	10,197,905
Contributions for renewals and replacements	-	-	-	-	17,252	17,252
Contributions for debt retirement	-	-	-	-	993,871	993,871
Other	407,440	64,007	16,663	-	3,865,345	4,913,504
Total revenues and other additions	94,277,693	74,468,601	818,796	898,991	36,895,382	168,458,972
EXPENDITURES AND OTHER DEDUCTIONS						
Educational and general expenditures:						
Instruction	122,384,345	8,649,941	-	-	-	131,034,286
Research	34,575,239	41,644,733	-	-	-	76,219,972
Public service	11,343,795	10,961,996	-	-	-	22,305,791
Academic support	35,323,888	2,535,348	-	-	-	37,859,236
Student services	14,374,615	2,360,487	-	-	-	16,735,102
Institutional support	21,852,932	716,254	-	-	-	22,569,186
Operation and maintenance of plant	26,517,148	53,805	-	-	-	26,570,953
Scholarships and fellowships	294,920	6,375,042	-	-	-	6,669,963
Auxiliary enterprises expenditures	32,114,000	-	-	-	-	32,114,006
Independent operation expenditures	1,614,053	513,909	-	-	-	2,127,962
Expenditures for plant facilities	-	-	-	-	1,895,705	1,895,705
Loan cancellations, write-offs and allowance for uncollectible loans	-	-	616,656	-	-	616,656
Debt retirement and interest	-	-	-	-	2,821,791	2,821,791
Loss on sale of investments	-	-	-	-	117,968	117,968
Disposal and write-off of plant facilities	-	-	-	-	6,297,295	6,297,295
Other	69,971	19,724	141,248	-	5,047	235,989
Total expenditures and other deductions	$ 309,464,911	$ 73,831,239	$ 757,904	$ -	$ 11,137,806	$ 386,191,861

STATE OF HAWAII

COMBINING STATEMENT OF REVENUES, EXPENDITURES, INTERFUND TRANSFERS, OPERATING TRANSFERS AND CHANGES IN FUND BALANCES - UNIVERSITY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	Current Funds		Loan Funds	Endowment Funds	Plant Funds	Total
	Unrestricted	Restricted				
UNIVERSITY INTERFUND TRANSFERS (OUT) IN						
Mandatory:						
Principal and interest	$ (1,974,098)	$ -	$ -	$ -	$ 1,974,098	$ -
Renewals and replacements	(190,409)	-	-	-	190,409	-
Voluntary:						
Renewals and replacements	(1,726,452)	-	-	-	1,726,452	-
Quasi-endowment - unrestricted principal	(300,000)	(51)	-	300,051	-	-
Quasi-endowment - restricted principal	-	(459,624)	-	459,624	-	-
Reinvestment of endowment income	(230,892)	(182,524)	-	413,416	-	-
Contribution to Loan Funds	(498,712)	63,734	434,978	-	-	-
Other	330,358	(330,358)	-	-	-	-
Total University interfund transfers	(4,590,205)	(908,823)	434,978	1,173,091	3,890,959	-
OPERATING TRANSFERS IN (OUT)						
General Fund	261,842,580	172,493	-	-	-	262,015,073
Capital Projects Fund	-	-	-	-	(94,086)	(94,086)
Total operating transfers	261,842,580	172,493	-	-	(94,086)	261,920,987
Net increase (decrease) in fund balances	12,164,665	(98,968)	495,870	2,072,082	29,554,449	44,188,098
FUND BALANCES, JULY 1, 1987	22,419,540	3,557,731	15,697,943	21,244,867	560,029,170	622,949,251
FUND BALANCES, JUNE 30, 1988	$ 34,584,205	$ 3,458,763	$ 16,193,813	$ 23,316,949	$ 589,583,619	$ 667,137,349

PART III: STATISTICAL SECTION

STATE OF HAWAII

SCHEDULE K-1

SCHEDULE OF REVENUES BY SOURCE - ALL GOVERNMENTAL FUND TYPES
LAST TEN FISCAL YEARS

(In Millions)

Source	For The Fiscal Year Ended June 30, 1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Taxes:										
General excise	$ 920.2	$ 817.9	$ 747.1	$ 684.0	$ 639.6	$ 601.5	$ 577.3	$ 549.3	$ 498.7	$ 430.8
Income	691.6	603.8	506.4	473.6	438.8	371.4	322.0	381.4	353.8	296.8
Public service companies	65.9	64.3	73.0	64.9	62.2	68.9	58.7	51.7	33.2	35.2
Liquid fuel	42.8	41.5	38.7	30.3	29.6	28.9	28.3	28.8	34.8	35.2
Insurance companies premiums	37.6	35.3	33.8	28.7	27.0	27.1	27.2	24.0	22.2	18.5
Tobacco	21.3	19.1	19.7	19.7	19.9	17.6	14.0	13.8	12.8	11.9
Liquor	38.2	130.2(1)	29.8	20.6	(.2)	9.3	7.7	7.0	13.0	20.4
Motor vehicle	18.4	17.5	15.0	9.3	9.1	8.7	8.3	8.3	8.3	8.0
Inheritance and estate	7.3	5.2	6.0	12.3	6.7	6.4	5.1	4.6	4.3	4.1
Franchise	12.0	15.3	4.9	3.9	.5	(2.4)	3.9	5.8	7.8	7.6
Transient accommodations	67.3	23.5(2)	-	-	-	-	-	-	-	-
Other	4.7	4.3	2.1	2.5	2.2	1.6	1.8	2.3	2.3	1.9
TOTAL TAXES	1,927.3	1,777.9	1,476.5	1,349.8	1,235.4	1,139.0	1,054.3	1,077.0	991.2	870.4
Interest and investment income	65.8	52.6	59.8	63.1	51.8	78.2	91.6	77.9	69.5	40.9
Charges for current services	113.3	104.8	98.4	94.1	89.8	73.0	78.0	110.4	174.6	169.7
Intergovernmental	363.9	324.7	315.1	286.8	311.1	334.9	317.3	390.1	374.8	337.7
Rentals	10.7	10.3	10.6	9.8	10.1	22.9	21.1	20.5	17.5	3.9
Fines, forfeitures and penalties	14.3	12.9	13.2	11.4	9.5	9.2	8.0	7.2	6.0	5.7
Licenses and fees	4.3	3.5	3.7	3.2	3.7	2.9	2.9	2.7	2.7	2.3
Contributions from agencies participating in debt service requirements	39.5	39.5	40.4	41.2	40.1	40.0	37.7	36.3	35.2	34.8
Other	51.2	26.7	32.4	20.2	20.2	53.8	57.7	79.1	56.3	72.8
TOTAL REVENUES - ALL GOVERNMENTAL FUND TYPES	$2,590.3	$2,352.9	$2,050.1	$1,879.6	$1,771.7	$1,753.9	$1,668.6	$1,801.2	$1,727.8	$1,538.2

The following reclassifications were made in conformity with generally accepted accounting principles:

a. Effective with the fiscal year ended June 30, 1981, the Airports and Harbors systems were reclassified as Enterprise Funds.
b. Effective with the fiscal year ended June 30, 1982, the State Hospitals and University system were reclassified as Enterprise and University Funds, respectively.
c. Effective with the fiscal year ended June 30, 1984, Housing was reclassified as Enterprise Funds.

Prior to these reclassifications, the revenues of the Enterprise and University Funds were reported within the various revenue sources of the Governmental Fund Types. The prior fiscal years have not been restated to reflect these reclassifications.

(1) Includes $95,622,402 of protested liquor tax payments held in the Trust and Agency Funds which were recognized as revenues for the fiscal year ended June 30, 1987.

(2) Effective January 1, 1987, the transient accommodations tax levied was authorized by Act 340, SLH 1986.

STATE OF HAWAII

SCHEDULE 5-2

SCHEDULE OF EXPENDITURES BY FUNCTION - ALL GOVERNMENTAL FUND TYPES
LAST TEN FISCAL YEARS

(In Millions)

Function	For The Fiscal Year Ended June 30, 1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
General government	$ 205.7	$ 185.7	$ 176.1	$ 133.2	$ 116.2	$ 118.9	$ 136.2	$ 108.8	$ 78.7	$ 75.8
Public safety	120.8	137.5	120.1	87.7	77.8	75.1	65.1	59.9	52.5	52.8
Highways	136.2	117.7	119.3	102.0	135.7	138.6	110.2	114.9	119.2	116.0
Conservation of natural resources	37.0	23.6	28.6	29.2	26.5	37.2	25.8	27.9	34.1	23.3
Health	127.8	118.5	109.1	99.0	93.2	96.3	92.1	132.0	125.7	127.2
Welfare	392.5	341.3	321.8	321.1	325.8	328.3	317.2	297.8	253.4	243.8
Education	607.0	553.6	504.9	458.9	448.5	459.9	415.1	616.1	561.6	505.0
Culture and recreation	51.2	41.6	39.0	33.1	33.9	39.8	31.6	44.8	39.7	31.1
Urban redevelopment and housing	9.0	13.7	11.2	14.5	9.2	154.3	84.2	174.9	101.2	48.7
Economic development and assistance	86.5	69.3	56.7	34.8	31.8	37.9	36.4	36.0	39.0	38.3
Airports	-	-	-	-	-	-	-	-	68.2	65.3
Water transport and terminals	-	-	-	-	-	-	-	-	23.3	21.3
Debt service	255.2	251.6	234.2	387.2	210.5	259.9	188.6	179.8	174.8	169.6
Intergovernmental	32.9	31.4	18.2	18.2	18.2	18.2	18.3	18.2	18.2	20.7
Social security and pension contributions	105.4	108.0	142.1	175.0	150.9	144.6	114.6	94.3	78.1	79.8
Other	29.4	18.3	19.6	20.4	23.5	13.8	12.7	12.5	7.4	8.9
TOTAL EXPENDITURES - ALL GOVERNMENTAL FUND TYPES	$ 2,196.6	$ 2,011.8	$ 1,900.9	$ 1,914.3	$ 1,701.7	$ 1,922.8	$ 1,648.1	$ 1,917.9	$ 1,775.1	$ 1,618.7

The following reclassifications were made in conformity with generally accepted accounting principles:

a. Effective with the fiscal year ended June 30, 1981, the Airports and Harbors systems were reclassified as Enterprise Funds.
b. Effective with the fiscal year ended June 30, 1982, the State Hospitals and University system were reclassified as Enterprise and University Funds, respectively.
c. Effective with the fiscal year ended June 30, 1984, Housing was reclassified as Enterprise Funds.
d. Effective with the fiscal year ended June 30, 1986, health fund contributions are included in the expenditure function, general government, instead of being reflected in social security and pension contributions.

Prior to these reclassifications, the expenditures of the Enterprise and University Funds were reported within the various expenditure functions of the Governmental Fund Types. The prior fiscal years have not been restated to reflect these reclassifications.

STATE OF HAWAII

SCHEDULE OF RATIO OF NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

(Expressed In Thousands)

Fiscal year	Population(1)	General Obligation Bonded Debt(2)(3)	Less Debt Service Monies Available(2)	Net General Obligation Bonded Debt	Net General Obligation Bonded Debt Per Capita
1988	1,100	$ 1,777,408	$ 177,496	$ 1,599,912	$ 1,454
1987	1,078	1,746,657	170,138	1,576,519	1,462
1986	1,071	1,651,899	162,185	1,489,714	1,391
1985	1,056	1,608,397	171,734	1,436,663	1,360
1984	1,039	1,545,521	169,410	1,376,111	1,324
1983	1,023	1,486,880	193,127	1,293,753	1,265
1982	997	1,353,791	171,023	1,182,768	1,186
1981	981	1,215,824	179,630	1,036,194	1,056
1980	969	1,295,184	NA	NA	NA
1979	950	1,221,786	NA	NA	NA

(1) Source: Hawaii State Department of Business and Economic Development.
(2) Source: Hawaii State Department of Accounting and General Services, Accounting Division.
(3) Excludes Enterprise and University Funds General Obligation Bonds.
NA Not available.

SCHEDULE K-4

STATE OF HAWAII

SCHEDULE OF RATIO OF ANNUAL DEBT SERVICE FOR
GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS

Fiscal Year	(Expressed In Thousands) Principal	Interest And Fees	Total Debt Service	Total General Expenditures	Ratio Of Debt Service To General Expenditures
1988	$ 135,694	$ 119,537	$ 255,231	$ 2,196,632	11.62%
1987	128,434	123,162	251,596	2,011,822	12.51
1986	116,734	117,505	234,239	1,900,953	12.32
1985	105,664	111,128	216,792(1)	1,743,893(1)	12.43
1984	98,726	111,805	210,531	1,701,726	12.37
1983	141,868	118,082	259,950	1,922,847	13.52
1982	93,798	94,786	188,584	1,648,147	11.44
1981	87,906	91,930	179,836	1,917,946	9.38
1980	83,055	91,703	174,758	1,775,086	9.84
1979	76,040	89,547	165,587	1,618,670	10.23

(1) Excludes $179,415,177 payment made to trustee for extinguished General Obligation Bonds Series AS dated November 1, 1981 and Series AT dated June 1, 1982.

SCHEDULE OF CHANGES IN LONG-TERM BONDED INDEBTEDNESS - GENERAL OBLIGATION BONDS
LAST THREE FISCAL YEARS

BONDED INDEBTEDNESS, GENERAL OBLIGATION BONDS, JUNE 30, 1985	$ 1,697,635,620
Less:	
General obligation bonds matured during the fiscal year ended June 30, 1986	116,734,270
General obligation bonds, Series AR, August 1, 1981, extinguished by general obligation refunding bonds of 1985, Series BC, July 1, 1985	70,830,000
	1,510,071,350
Add:	
General obligation bonds issued, July 1, 1985	74,900,000
General obligation bonds issued, November 1, 1985	75,000,000
General obligation bonds issued, March 1, 1986	75,000,000
BONDED INDEBTEDNESS, GENERAL OBLIGATION BONDS, JUNE 30, 1986	1,734,971,350
Less:	
General obligation bonds matured during the fiscal year ended June 30, 1987	128,434,270
General obligation bonds, Series AU, October 1, 1982, extinguished by general obligation refunding bonds of 1986, Series BG, November 1, 1986	49,980,000
General obligation bonds, Series AW, June 1, 1983, extinguished by general obligation refunding bonds of 1986, Series BG, November 1, 1986	49,980,000
General obligation bonds, Series AY, April 1, 1984, extinguished by general obligation refunding bonds of 1986, Series BG, November 1, 1986	54,150,000
General obligation bonds, Series AZ, October 1, 1984, extinguished by general obligation refunding bonds of 1986, Series BG, November 1, 1986	58,320,000
General obligation bonds, Series AV, March 1, 1983, extinguished by general obligation refunding bonds of 1987, Series BI, March 1, 1987	49,980,000
General obligation bonds, Series AX, October 1, 1983, extinguished by general obligation refunding bonds of 1987, Series BI, March 1, 1987	54,150,000
	1,289,977,080
Add:	
General obligation bonds issued, August 1, 1986	80,000,000
General obligation bonds issued, November 1, 1986	252,090,000
General obligation bonds issued, March 1, 1987	201,610,000
BONDED INDEBTEDNESS, GENERAL OBLIGATION BONDS, JUNE 30, 1987	1,823,677,080
Less:	
General obligation bonds matured during the fiscal year ended June 30, 1988	135,694,270
	1,687,982,810
Add:	
General obligation bonds issued, December 1, 1987	80,000,000
General obligation bonds issued, April 1, 1988	80,000,000
BONDED INDEBTEDNESS, GENERAL OBLIGATION BONDS, JUNE 30, 1988	$ 1,847,982,810

STATE OF HAWAII

SCHEDULE K-6

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1986	Amount Outstanding June 30, 1987	Amount Outstanding June 30, 1988
November 1, 1963	3.500%	May and November 1, 1985/1988	$ 4,400,000	$ 2,640,000	$ 880,000
May 15, 1967	4.000	May 15, 1985/1987	1,110,000	-	-
September 1, 1967	4.100	September 1, 1983/1987	900,000	450,000	-
November 1, 1967	4.350	November 1, 1986/1987	2,220,000	1,110,000	-
March 1, 1968	4.500	March 1, 1986/1988	3,330,000	1,665,000	-
September 1, 1968	4.250	September 1, 1981/1986	2,110,000	-	-
September 1, 1968	4.350	September 1, 1987/1988	4,220,000	4,220,000	2,110,000
March 1, 1969	5.200	March 1, 1987/1989	4,995,000	3,330,000	1,665,000
September 1, 1969	3.000	September 1, 1972/1989	860,000	645,000	430,000
April 1, 1970	6.400	April 1, 1987/1988	3,330,000	1,665,000	-
April 1, 1970	5.500	April 1, 1989/1990	3,330,000	3,330,000	3,330,000
October 1, 1970	6.300	October 1, 1986	3,055,000	-	-
October 1, 1970	6.400	October 1, 1987	3,055,000	3,055,000	-
October 1, 1970	6.500	October 1, 1988	3,055,000	3,055,000	3,055,000
October 1, 1970	5.500	October 1, 1989/1990	6,110,000	6,110,000	6,110,000
March 1, 1971	4.900	March 1, 1987	3,055,000	-	-
March 1, 1971	5.000	March 1, 1988/1989	6,110,000	6,110,000	3,055,000
March 1, 1971	4.000	March 1, 1990/1991	6,110,000	6,110,000	6,110,000
September 1, 1971	5.000	September 1, 1985/1986	3,055,000	-	-
September 1, 1971	5.100	September 1, 1987/1988	6,110,000	6,110,000	3,055,000
September 1, 1971	5.000	September 1, 1989	3,055,000	3,055,000	3,055,000
September 1, 1971	4.250	September 1, 1990/1991	6,110,000	6,110,000	6,110,000
February 1, 1972	5.000	February 1, 1987/1990	12,220,000	9,165,000	6,110,000
February 1, 1972	4.250	February 1, 1991/1992	6,110,000	6,110,000	6,110,000
August 1, 1972	5.000	August 1, 1975/1992	875,000	770,000	660,000
August 1, 1972	4.000	August 1, 1993/2007	3,380,000	3,380,000	3,380,000
August 1, 1972	5.000	August 1, 1980/1986	3,055,000	-	-
August 1, 1972	5.100	August 1, 1987	3,055,000	3,055,000	-
August 1, 1972	5.200	August 1, 1988	3,055,000	3,055,000	3,055,000
August 1, 1972	5.250	August 1, 1989/1990	6,110,000	6,110,000	6,110,000
August 1, 1972	5.400	August 1, 1991	3,055,000	3,055,000	3,055,000
August 1, 1972	5.000	August 1, 1992	3,055,000	3,055,000	3,055,000
February 1, 1973	4.800	February 1, 1987/1988	6,110,000	3,055,000	-
February 1, 1973	4.900	February 1, 1989/1990	6,110,000	6,110,000	6,110,000
February 1, 1973	5.000	February 1, 1991/1992	6,110,000	6,110,000	6,110,000
February 1, 1973	4.000	February 1, 1993	3,055,000	3,055,000	3,055,000
June 1, 1973	4.800	June 1, 1987/1988	8,330,000	4,165,000	-
June 1, 1973	4.900	June 1, 1989/1990	8,330,000	8,330,000	8,330,000
June 1, 1973	5.000	June 1, 1991/1993	12,495,000	12,495,000	12,495,000
December 1, 1973	4.700	December 1, 1986	1,945,000	-	-

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1986	Amount Outstanding June 30, 1987	Amount Outstanding June 30, 1988
December 1, 1973	4.800%	December 1, 1987	$ 1,945,000	$ 1,945,000	$ -
December 1, 1973	4.900	December 1, 1988	1,945,000	1,945,000	1,945,000
December 1, 1973	5.000	December 1, 1989/1993	9,725,000	9,725,000	9,725,000
April 1, 1974	5.500	April 1, 1987/1989	12,495,000	8,330,000	4,165,000
April 1, 1974	5.600	April 1, 1990/1991	8,330,000	8,330,000	8,330,000
April 1, 1974	5.700	April 1, 1992	4,165,000	4,165,000	4,165,000
April 1, 1974	5.750	April 1, 1993	4,165,000	4,165,000	4,165,000
April 1, 1974	5.000	April 1, 1994	4,165,000	4,165,000	4,165,000
March 1, 1975	6.100	March 1, 1987	4,165,000	-	-
March 1, 1975	6.200	March 1, 1988	4,165,000	4,165,000	-
March 1, 1975	6.300	March 1, 1989	4,165,000	4,165,000	4,165,000
March 1, 1975	6.400	March 1, 1990	4,165,000	4,165,000	4,165,000
March 1, 1975	6.500	March 1, 1991/1993	12,495,000	12,495,000	12,495,000
March 1, 1975	5.750	March 1, 1994/1995	8,330,000	8,330,000	8,330,000
September 1, 1975	6.100	September 1, 1986	4,165,000	-	-
September 1, 1975	6.200	September 1, 1987	4,165,000	4,165,000	-
September 1, 1975	6.300	September 1, 1988	4,165,000	4,165,000	4,165,000
September 1, 1975	6.400	September 1, 1989	4,165,000	4,165,000	4,165,000
September 1, 1975	6.500	September 1, 1990	4,165,000	4,165,000	4,165,000
September 1, 1975	6.600	September 1, 1991	4,165,000	4,165,000	4,165,000
September 1, 1975	6.700	September 1, 1992	4,165,000	4,165,000	4,165,000
September 1, 1975	6.800	September 1, 1993	8,330,000	8,330,000	8,330,000
September 1, 1975	6.000	September 1, 1994/1995	2,780,000	-	-
November 1, 1975	6.250	November 1, 1986	2,780,000	2,780,000	-
November 1, 1975	6.000	November 1, 1987	2,775,000	2,775,000	2,775,000
November 1, 1975	6.100	November 1, 1988	2,775,000	2,775,000	2,775,000
November 1, 1975	6.300	November 1, 1989	2,775,000	2,775,000	2,775,000
November 1, 1975	6.400	November 1, 1990	8,325,000	8,325,000	8,325,000
November 1, 1975	6.500	November 1, 1991/1993	5,550,000	5,550,000	5,550,000
November 1, 1975	5.500	November 1, 1994/1995	4,165,000	-	-
March 1, 1976	6.000	March 1, 1987	4,165,000	4,165,000	-
March 1, 1976	5.900	March 1, 1988	4,165,000	4,165,000	4,165,000
March 1, 1976	6.000	March 1, 1989	4,165,000	4,165,000	4,165,000
March 1, 1976	6.100	March 1, 1990	4,165,000	4,165,000	4,165,000
March 1, 1976	6.200	March 1, 1991	4,165,000	4,165,000	4,165,000
March 1, 1976	6.250	March 1, 1992	8,330,000	8,330,000	8,330,000
March 1, 1976	6.000	March 1, 1993/1994	8,330,000	8,330,000	8,330,000
March 1, 1976	5.500	March 1, 1995/1996	4,165,000	-	-
June 1, 1976	5.600	June 1, 1987	4,165,000	4,165,000	-
June 1, 1976	5.750	June 1, 1988			

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1986	June 30, 1987	June 30, 1988
June 1, 1976	5.800%	June 1, 1989	$ 4,165,000	$ 4,165,000	$ 4,165,000
June 1, 1976	6.000	June 1, 1990/1991	8,330,000	8,330,000	8,330,000
June 1, 1976	6.200	June 1, 1992/1993	8,330,000	8,330,000	8,330,000
June 1, 1976	6.000	June 1, 1994	4,165,000	4,165,000	4,165,000
June 1, 1976	5.500	June 1, 1995/1996	8,330,000	8,330,000	8,330,000
September 1, 1976	7.000	September 1, 1977/1987	590,000	205,000	-
September 1, 1976	6.500	March 1, 1988/September 1, 1988	425,000	425,000	215,000
September 1, 1976	6.000	March 1, 1989/September 1, 1998	6,115,000	6,115,000	6,115,000
September 1, 1976	6.100	March 1, 1999/September 1, 1999	850,000	850,000	850,000
September 1, 1976	6.200	March 1, 2000/September 1, 2003	3,990,000	3,990,000	3,990,000
September 1, 1976	6.250	March 1, 2004/September 1, 2005	2,405,000	2,405,000	2,405,000
September 1, 1976	6.300	March 1, 2006/September 1, 2007	2,730,000	2,730,000	2,730,000
September 1, 1976	6.000	March 1, 2008/September 1, 2011	6,605,000	6,605,000	6,605,000
December 1, 1976	4.600	December 1, 1986	4,165,000	-	-
December 1, 1976	4.700	December 1, 1987	4,165,000	4,165,000	-
December 1, 1976	4.800	December 1, 1988	4,165,000	4,165,000	4,165,000
December 1, 1976	4.900	December 1, 1989	4,165,000	4,165,000	4,165,000
December 1, 1976	5.000	December 1, 1990/1992	12,495,000	12,495,000	12,495,000
December 1, 1976	5.200	December 1, 1993/1994	8,330,000	8,330,000	8,330,000
December 1, 1976	4.500	December 1, 1995/1996	8,330,000	8,330,000	8,330,000
April 1, 1977	4.750	April 1, 1987	4,165,000	-	-
April 1, 1977	4.800	April 1, 1988	4,165,000	4,165,000	-
April 1, 1977	4.900	April 1, 1989	4,165,000	4,165,000	4,165,000
April 1, 1977	5.000	April 1, 1990	4,165,000	4,165,000	4,165,000
April 1, 1977	5.100	April 1, 1991	4,165,000	4,165,000	4,165,000
April 1, 1977	5.200	April 1, 1992	4,165,000	4,165,000	4,165,000
April 1, 1977	5.250	April 1, 1993/1994	8,330,000	8,330,000	8,330,000
April 1, 1977	5.500	April 1, 1995	4,165,000	4,165,000	4,165,000
April 1, 1977	5.000	April 1, 1996	4,165,000	4,165,000	4,165,000
April 1, 1977	4.500	April 1, 1997	4,165,000	4,165,000	4,165,000
August 1, 1977	5.200	August 1, 1986	4,165,000	-	-
August 1, 1977	4.600	August 1, 1987	4,165,000	4,165,000	-
August 1, 1977	4.700	August 1, 1988	4,165,000	4,165,000	4,165,000
August 1, 1977	4.800	August 1, 1989	4,165,000	4,165,000	4,165,000
August 1, 1977	4.900	August 1, 1990	4,165,000	4,165,000	4,165,000
August 1, 1977	5.000	August 1, 1991/1992	8,330,000	8,330,000	8,330,000
August 1, 1977	5.100	August 1, 1993/1994	8,330,000	8,330,000	8,330,000
August 1, 1977	5.200	August 1, 1995/1996	8,330,000	8,330,000	8,330,000
August 1, 1977	4.250	August 1, 1997	4,165,000	4,165,000	4,165,000
February 1, 1978	5.000	February 1, 1985/1989	12,495,000	8,330,000	4,165,000

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1986	June 30, 1987	June 30, 1988
February 1, 1978	5.100%	February 1, 1990/1991	$ 8,330,000	$ 8,330,000	$ 8,330,000
February 1, 1978	5.200	February 1, 1992	4,165,000	4,165,000	4,165,000
February 1, 1978	5.250	February 1, 1993/1998	24,990,000	24,990,000	24,990,000
June 1, 1978	5.100	June 1, 1987/1988	8,330,000	4,165,000	-
June 1, 1978	5.200	June 1, 1989	4,165,000	4,165,000	4,165,000
June 1, 1978	5.250	June 1, 1990	4,165,000	4,165,000	4,165,000
June 1, 1978	5.300	June 1, 1991	4,165,000	4,165,000	4,165,000
June 1, 1978	5.400	June 1, 1992	4,165,000	4,165,000	4,165,000
June 1, 1978	5.500	June 1, 1993/1994	8,330,000	8,330,000	8,330,000
June 1, 1978	5.600	June 1, 1995/1997	12,495,000	12,495,000	12,495,000
June 1, 1978	5.000	June 1, 1998	4,165,000	4,165,000	4,165,000
February 1, 1979	5.900	February 1, 1983/1994	33,325,000	29,155,000	24,990,000
February 1, 1979	6.000	February 1, 1995/1999	20,825,000	20,825,000	20,825,000
July 1, 1979	5.600	July 1, 1984/1988	12,505,000	8,335,000	4,165,000
July 1, 1979	5.700	July 1, 1989/1994	24,990,000	24,990,000	24,990,000
July 1, 1979	5.750	July 1, 1995/1997	12,495,000	12,495,000	12,495,000
July 1, 1979	5.900	July 1, 1998/1999	8,330,000	8,330,000	8,330,000
June 1, 1980	6.300	June 1, 1984/1991	20,835,000	16,665,000	12,495,000
June 1, 1980	6.400	June 1, 1992/1993	8,330,000	8,330,000	8,330,000
June 1, 1980	6.500	June 1, 1994	4,165,000	4,165,000	4,165,000
June 1, 1980	6.600	June 1, 1995	4,165,000	4,165,000	4,165,000
June 1, 1980	6.750	June 1, 1996/1997	8,330,000	8,330,000	8,330,000
June 1, 1980	7.000	June 1, 1998	4,165,000	4,165,000	4,165,000
June 1, 1980	7.100	June 1, 1999/2000	8,330,000	8,330,000	8,330,000
October 1, 1982	9.100	October 1, 1985/1992	29,180,000	16,680,000	12,510,000
October 1, 1982	9.300	October 1, 1993	4,165,000	-	-
October 1, 1982	9.400	October 1, 1994	4,165,000	-	-
October 1, 1982	9.600	October 1, 1995	4,165,000	-	-
October 1, 1982	9.750	October 1, 1996	4,165,000	-	-
October 1, 1982	9.800	October 1, 1997	4,165,000	-	-
October 1, 1982	9.900	October 1, 1998/2002	20,825,000	-	-
March 1, 1983	7.750	March 1, 1986/1988	8,340,000	4,170,000	-
March 1, 1983	8.000	March 1, 1989/1993	20,840,000	12,510,000	12,510,000
March 1, 1983	8.100	March 1, 1994	4,165,000	-	-
March 1, 1983	8.300	March 1, 1995	4,165,000	-	-
March 1, 1983	8.400	March 1, 1996	4,165,000	-	-
March 1, 1983	8.600	March 1, 1997	4,165,000	-	-
March 1, 1983	8.700	March 1, 1998	4,165,000	-	-
March 1, 1983	8.750	March 1, 1999/2003	20,825,000	-	-
June 1, 1983	8.800	June 1, 1987/1995	37,510,000	16,680,000	12,510,000

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1986	Amount Outstanding June 30, 1987	Amount Outstanding June 30, 1988
June 1, 1983	9.000%	June 1, 1996	$ 4,165,000	$ -	$ -
June 1, 1983	9.100	June 1, 1997/1998	8,330,000	-	-
June 1, 1983	9.200	June 1, 1999/2000	8,330,000	-	-
June 1, 1983	9.250	June 1, 2001/2003	12,495,000	-	-
October 1, 1983	8.400	October 1, 1986/1991	25,020,000	16,680,000	12,510,000
October 1, 1983	8.400	October 1, 1992/1993	8,330,000	-	-
October 1, 1983	8.600	October 1, 1994	4,165,000	-	-
October 1, 1983	8.700	October 1, 1995	4,165,000	-	-
October 1, 1983	8.800	October 1, 1996	4,165,000	-	-
October 1, 1983	8.900	October 1, 1997	4,165,000	-	-
October 1, 1983	9.000	October 1, 1998	4,165,000	-	-
October 1, 1983	9.100	October 1, 1999	4,165,000	-	-
October 1, 1983	9.200	October 1, 2000	4,165,000	-	-
October 1, 1983	9.250	October 1, 2001/2003	12,495,000	-	-
April 1, 1984	9.100	April 1, 1987/1992	25,020,000	16,680,000	12,510,000
April 1, 1984	9.100	April 1, 1993/1995	12,495,000	-	-
April 1, 1984	9.300	April 1, 1996	4,165,000	-	-
April 1, 1984	9.500	April 1, 1997	4,165,000	-	-
April 1, 1984	9.700	April 1, 1998	4,165,000	-	-
April 1, 1984	9.750	April 1, 1999/2004	24,990,000	-	-
October 1, 1984	9.250	October 1, 1987/1990	16,680,000	16,680,000	12,510,000
October 1, 1984	9.400	October 1, 1991/1995	20,835,000	-	-
October 1, 1984	9.600	October 1, 1996	4,165,000	-	-
October 1, 1984	9.750	October 1, 1997	4,165,000	-	-
October 1, 1984	9.900	October 1, 1998	4,165,000	-	-
October 1, 1984	10.000	October 1, 1999/2004	24,990,000	-	-
March 1, 1985	8.400	March 1, 1986/1993	64,830,000	55,565,000	46,300,000
March 1, 1985	8.500	March 1, 1994	9,260,000	9,260,000	9,260,000
March 1, 1985	8.700	March 1, 1995	9,260,000	9,260,000	9,260,000
March 1, 1985	8.800	March 1, 1996	9,260,000	9,260,000	9,260,000
March 1, 1985	9.000	March 1, 1997	9,260,000	9,260,000	9,260,000
March 1, 1985	9.100	March 1, 1998	9,260,000	9,260,000	9,260,000
March 1, 1985	9.300	March 1, 1999	9,260,000	9,260,000	9,260,000
March 1, 1985	9.375	March 1, 2000/2002	27,780,000	27,780,000	27,780,000
June 1, 1985	8.000	June 1, 1988/2005	75,000,000	75,000,000	70,830,000
July 1, 1985	7.300	July 1, 1986/1987	9,370,000	4,685,000	-
July 1, 1985	7.400	July 1, 1988/1993	28,090,000	28,090,000	28,090,000
July 1, 1985	7.600	July 1, 1994	4,680,000	4,680,000	4,680,000
July 1, 1985	7.750	July 1, 1995/1996	9,360,000	9,360,000	9,360,000
July 1, 1985	8.000	July 1, 1997/2001	23,400,000	23,400,000	23,400,000

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1986	Amount Outstanding June 30, 1987	Amount Outstanding June 30, 1988
November 1, 1985	7.700%	November 1, 1988/1994	$ 29,185,000	$ 29,185,000	$ 29,185,000
November 1, 1985	7.800	November 1, 1995	4,165,000	4,165,000	4,165,000
November 1, 1985	8.000	November 1, 1996	4,165,000	4,165,000	4,165,000
November 1, 1985	8.200	November 1, 1997	4,165,000	4,165,000	4,165,000
November 1, 1985	8.300	November 1, 1998	4,165,000	4,165,000	4,165,000
November 1, 1985	8.400	November 1, 1999	4,165,000	4,165,000	4,165,000
November 1, 1985	8.500	November 1, 2000/2005	24,990,000	24,990,000	24,990,000
March 1, 1986	6.250	March 1, 1989/1997	37,515,000	37,515,000	37,515,000
March 1, 1986	6.300	March 1, 1998	4,165,000	4,165,000	4,165,000
March 1, 1986	6.400	March 1, 1999	4,165,000	4,165,000	4,165,000
March 1, 1986	6.500	March 1, 2000	4,165,000	4,165,000	4,165,000
March 1, 1986	6.600	March 1, 2001/2006	24,990,000	24,990,000	24,990,000
August 1, 1986	6.900	August 1, 1989/1997	-	40,005,000	40,005,000
August 1, 1986	7.000	August 1, 1998/1999	-	8,890,000	8,890,000
August 1, 1986	7.100	August 1, 2000/2006	-	31,105,000	31,105,000
November 1, 1986	6.000	November 1, 1991/1996	-	116,360,000	116,360,000
November 1, 1986	6.100	November 1, 1997	-	19,390,000	19,390,000
November 1, 1986	6.300	November 1, 1998	-	19,390,000	19,390,000
November 1, 1986	6.400	November 1, 1999	-	19,390,000	19,390,000
November 1, 1986	6.600	November 1, 2000	-	19,390,000	19,390,000
November 1, 1986	6.700	November 1, 2001	-	19,390,000	19,390,000
November 1, 1986	6.750	November 1, 2002	-	19,390,000	19,390,000
November 1, 1986	6.800	November 1, 2003	-	19,390,000	19,390,000
March 1, 1987	5.400	March 1, 1990/1994	-	22,225,000	22,225,000
March 1, 1987	5.500	March 1, 1995/1997	-	13,335,000	13,335,000
March 1, 1987	5.600	March 1, 1998	-	4,445,000	4,445,000
March 1, 1987	5.700	March 1, 1999	-	4,445,000	4,445,000
March 1, 1987	5.800	March 1, 2000	-	4,445,000	4,445,000
March 1, 1987	5.900	March 1, 2001	-	4,445,000	4,445,000
March 1, 1987	6.000	March 1, 2002/2007	-	26,660,000	26,660,000
March 1, 1987	5.400	March 1, 1992/1994	-	28,065,000	28,065,000
March 1, 1987	5.500	March 1, 1995/1997	-	28,065,000	28,065,000
March 1, 1987	5.600	March 1, 1998	-	9,355,000	9,355,000
March 1, 1987	5.700	March 1, 1999	-	9,355,000	9,355,000
March 1, 1987	5.800	March 1, 2000	-	9,355,000	9,355,000
March 1, 1987	5.900	March 1, 2001	-	9,355,000	9,355,000
March 1, 1987	6.000	March 1, 2002/2004	-	28,060,000	28,060,000
December 1, 1987	6.750	December 1, 1990/1997	-	-	35,560,000
December 1, 1987	6.800	December 1, 1998	-	-	4,445,000
December 1, 1987	6.900	December 1, 1999	-	-	4,445,000

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1986	Amount Outstanding June 30, 1987	Amount Outstanding June 30, 1988
December 1, 1987	7.000%	December 1, 2000	$ -	$ -	$ 4,445,000
December 1, 1987	7.100	December 1, 2001	-	-	4,445,000
December 1, 1987	7.250	December 1, 2002	-	-	4,445,000
December 1, 1987	7.400	December 1, 2003	-	-	4,445,000
December 1, 1987	7.500	December 1, 2004	-	-	4,445,000
December 1, 1987	7.600	December 1, 2005	-	-	4,445,000
December 1, 1987	7.650	December 1, 2006	-	-	4,440,000
December 1, 1987	7.700	December 1, 2007	-	-	4,440,000
April 1, 1988	6.125	April 1, 1991/1995	-	-	22,225,000
April 1, 1988	6.250	April 1, 1996	-	-	4,445,000
April 1, 1988	6.400	April 1, 1997	-	-	4,445,000
April 1, 1988	6.500	April 1, 1998	-	-	4,445,000
April 1, 1988	6.600	April 1, 1999	-	-	4,445,000
April 1, 1988	6.750	April 1, 2000	-	-	4,445,000
April 1, 1988	6.800	April 1, 2001	-	-	4,445,000
April 1, 1988	7.000	April 1, 2002	-	-	4,445,000
April 1, 1988	7.100	April 1, 2003	-	-	4,445,000
April 1, 1988	7.200	April 1, 2004	-	-	4,445,000
April 1, 1988	7.300	April 1, 2005	-	-	4,445,000
April 1, 1988	7.400	April 1, 2006/2007	-	-	8,885,000
April 1, 1988	7.500	April 1, 2008	-	-	4,440,000
Halawa Jail Bonds (transferred from City and County of Honolulu) - various	Various	Various	71,350	57,080	42,810
TOTAL BONDED INDEBTEDNESS, GENERAL OBLIGATION BONDS			$ 1,734,971,350	$ 1,823,677,080	$ 1,847,982,810

SCHEDULE OF MATURED GENERAL OBLIGATION BONDS OUTSTANDING LAST THREE FISCAL YEARS

(In Thousands)

Date Of Issue	Matured Bonds Outstanding June 30, 1985	Fiscal Year Ended June 30, 1986		Matured Bonds Outstanding June 30, 1986	Fiscal Year Ended June 30, 1987		Matured Bonds Outstanding June 30, 1987	Fiscal Year Ended June 30, 1988		Matured Bonds Outstanding June 30, 1988
		Maturities	Redemptions		Maturities	Redemptions		Maturities	Redemptions	
May 1, 1956	$ 1	$ -	$ -	$ 1	$ -	$ -	$ 1	$ -	$ -	$ 1
May 15, 1957	5	-	-	5	-	-	5	-	-	5
November 1, 1963	280	1,760	1,885	155	1,760	1,750	165	1,765	840	1,085
December 1, 1965	-	780	780	-	-	-	-	-	-	-
June 1, 1966	555	555	1,050	60	-	10	50	-	-	50
May 15, 1967	-	1,110	1,110	-	1,110	1,090	20	-	-	20
September 1, 1967	-	450	450	-	450	450	-	450	440	10
November 1, 1967	-	1,110	1,110	-	1,110	1,110	-	1,110	1,110	-
March 1, 1968	1,665	1,665	1,700	1,630	1,665	3,295	-	1,665	1,665	-
September 1, 1968	-	2,110	2,110	-	2,110	2,110	-	2,110	2,110	-
March 1, 1969	1,905	1,665	3,220	350	1,665	1,825	190	1,665	1,640	215
September 1, 1969	-	215	215	-	215	215	-	215	215	-
April 1, 1970	35	1,665	1,650	50	1,665	1,715	-	1,665	1,655	10
October 1, 1970	-	3,055	3,055	-	3,055	3,055	-	3,055	3,055	-
March 1, 1971	445	3,055	2,805	695	3,055	2,995	755	3,055	715	3,095
September 1, 1971	-	3,055	3,055	-	3,055	2,925	130	3,055	3,055	130
February 1, 1972	20	3,055	3,060	15	3,055	3,055	15	3,055	3,055	15
August 1, 1972	-	3,155	3,155	-	3,160	3,160	-	3,165	3,165	-
February 1, 1973	-	3,055	3,015	40	3,055	3,065	30	3,055	3,085	-
June 1, 1973	85	4,165	4,220	30	4,165	4,140	55	4,165	4,100	120
December 1, 1973	100	1,945	1,945	100	1,945	1,945	100	1,945	1,875	170
April 1, 1974	2,900	4,165	6,965	100	4,165	4,165	100	4,165	4,125	140
March 1, 1975	-	4,165	4,155	10	4,165	4,045	130	4,165	4,225	70
September 1, 1975	15	4,165	4,180	-	4,165	4,165	-	4,165	4,165	-
November 1, 1975	30	2,780	2,810	-	2,780	2,770	10	2,780	2,790	-
March 1, 1976	15	4,165	4,165	15	4,165	4,130	50	4,165	4,200	15
June 1, 1976	440	4,165	4,105	500	4,165	4,215	450	4,165	4,585	30
September 1, 1976	-	365	365	-	385	385	-	415	415	-
December 1, 1976	35	4,165	4,175	25	4,165	4,130	60	4,165	3,635	590
April 1, 1977	3,770	4,165	7,935	-	4,165	4,165	-	4,165	4,165	-
August 1, 1977	-	4,170	4,170	-	4,165	4,165	-	4,165	3,965	200
February 1, 1978	-	4,170	4,170	-	4,165	4,015	150	4,165	4,115	200
June 1, 1978	100	4,170	4,185	85	4,165	4,200	50	4,165	4,130	85
February 1, 1979	5	4,170	4,025	150	4,170	4,170	150	4,165	4,315	-
July 1, 1979	-	4,170	4,170	-	4,170	4,170	-	4,170	4,170	-
June 1, 1980	4,170	4,170	4,770	3,570	4,170	3,780	3,960	4,170	6,885	1,245
August 1, 1981	100	-	100	-	-	-	-	-	-	-

STATE OF HAWAII

SCHEDULE OF MATURED GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

(In Thousands)

Date Of Issue	Matured Bonds Outstanding June 30, 1985	Fiscal Year Ended June 30, 1986		Matured Bonds Outstanding June 30, 1986	Fiscal Year Ended June 30, 1987		Matured Bonds Outstanding June 30, 1987	Fiscal Year Ended June 30, 1988		Matured Bonds Outstanding June 30, 1988
		Maturities	Redemptions		Maturities	Redemptions		Maturities	Redemptions	
October 1, 1982	$ -	$ 4,170	$ 4,170	$ -	$ 4,170	$ 4,170	$ -	$ 4,170	$ 4,170	$ -
March 1, 1983	-	4,170	4,170	-	4,170	4,045	125	4,170	4,170	125
June 1, 1983	-	4,170	-	4,170	4,170	8,340	-	4,170	4,170	-
October 1, 1983	-	-	-	-	4,170	4,170	-	4,170	4,170	-
April 1, 1984	-	-	-	-	4,170	4,170	-	4,170	4,170	-
October 1, 1984	-	-	-	-	-	-	-	4,170	4,170	-
March 1, 1985	-	9,265	9,265	-	9,265	9,265	-	9,265	9,215	50
June 1, 1985	-	-	-	-	-	-	-	4,170	4,170	-
July 1, 1985	-	-	-	-	4,685	4,685	-	4,685	4,685	-
Halawa Jail Bonds - various	-	14	14	-	14	14	-	14	14	-
	$ 16,676	$ 116,734	$ 121,654	$ 11,756	$ 128,434	$ 133,439	$ 6,751	$ 135,694	$ 134,769	$ 7,676

STATE OF HAWAII

SCHEDULE K-8

SCHEDULE OF CHANGES IN LONG-TERM BONDED INDEBTEDNESS - REVENUE BONDS
LAST THREE FISCAL YEARS

BONDED INDEBTEDNESS, REVENUE BONDS (EXCLUDING UNAMORTIZED BOND DISCOUNT), JUNE 30, 1985	$ 929,981,000
Less revenue bonds matured during the fiscal year ended June 30, 1986	61,047,000
	868,934,000
Add:	
Airports System Revenue Bonds, Series of 1986	35,000,000
Hawaii Housing Authority, Series A of 1985	30,000,000
Hawaii Housing Authority, Series A of 1986	40,300,000
University of Hawaii Revenue Bonds, Series F	1,650,000
Multi-Family Housing Revenue Bonds	35,800,000
BONDED INDEBTEDNESS, REVENUE BONDS (EXCLUDING UNAMORTIZED BOND DISCOUNT), JUNE 30, 1986	1,011,684,000
Less revenue bonds matured during the fiscal year ended June 30, 1987	127,149,207
	884,534,793
Add:	
Harbors Capital Improvement Revenue Bonds, Series of 1986	22,500,000
Hawaii Housing Authority, Series B of 1986	52,425,000
BONDED INDEBTEDNESS, REVENUE BONDS (EXCLUDING UNAMORTIZED BOND DISCOUNT), JUNE 30, 1987	959,459,793
Less revenue bonds matured during the fiscal year ended June 30, 1988	65,568,850
	893,890,943
Add:	
Airports System Revenue Bonds, Series of 1987	85,000,000
Hawaii Housing Authority, Rental Housing System Revenue Bonds	14,950,000
BONDED INDEBTEDNESS, REVENUE BONDS (EXCLUDING UNAMORTIZED BOND DISCOUNT), JUNE 30, 1988	$ 993,840,943

STATE OF HAWAII

SCHEDULE K-9

SCHEDULE OF REVENUE BONDS OUTSTANDING
LAST THREE FISCAL YEARS

Purpose	Interest Rate	Maturity Date	Amount Outstanding June 30, 1986	Amount Outstanding June 30, 1987	Amount Outstanding June 30, 1988
Harbors, Issue of 1967	5.200%	July 1, 1973/1997	$ 15,695,000	$ 14,575,000	$ 13,400,000
Harbors, Issue of 1978	Various	January 1, 1979/2008	18,450,000	18,075,000	17,670,000
Harbors Capital Improvement Revenue Bonds, Series of 1983	Various	July 1, 1984/2008	22,885,000	22,450,000	21,990,000
Harbors Special Facility Revenue Bonds	Various	September 1, 1983/2013	16,750,000	16,750,000	16,750,000
Harbors Capital Improvement Revenue Bonds, Series of 1986	Various	July 1, 1989/2011	-	22,500,000	22,500,000
University of Hawaii	3.500	October 1, 1973/2001	258,000	246,000	233,000
University of Hawaii	3.000	October 1, 1973/1999	148,000	135,000	122,000
University of Hawaii	2.875	April 1, 1974/2000	319,000	300,000	281,000
University of Hawaii	3.000	October 1, 1974/2006	2,225,000	2,145,000	2,065,000
University of Hawaii	9.400	October 1, 1984/1998	3,130,000	3,000,000	2,855,000
University of Hawaii	7.450	October 1, 1988/1991	1,650,000	1,650,000	1,650,000
Airports System Revenue Bonds, Series of 1969	Various	July 1, 1972/1994	21,895,000	19,355,000	15,990,000
Airports System Revenue Bonds, Second Series of 1969	Various	July 1, 1972/1994	25,910,000	23,820,000	21,055,000
Airports System Revenue Bonds, Series of 1970	Various	July 1, 1973/1995	12,260,000	11,450,000	10,155,000
Airports System Revenue Bonds, Second Series of 1970	Various	July 1, 1973/1995	15,930,000	14,905,000	13,200,000
Airports System Revenue Bonds, Series of 1971	Various	July 1, 1976/1996	20,375,000	18,035,000	16,530,000
Airports System Revenue Bonds, Second Series of 1971	Various	July 1, 1976/1996	13,685,000	11,910,000	10,905,000
Airports System Revenue Bonds, Series of 1972	Various	July 1, 1977/1997	17,945,000	15,780,000	14,595,000
Airports System Revenue Bonds, Series of 1974	Various	July 1, 1979/1999	16,470,000	15,790,000	15,055,000
Airports System Revenue Bonds, Series of 1975	Various	July 1, 1979/2000	16,730,000	16,110,000	15,440,000
Airports System Revenue Bonds, Series of 1977	Various	July 1, 1978/2003	17,030,000	16,490,000	15,920,000
Airports Special Facility Revenue Bonds	Various	April 1, 1978/2005	9,810,000	9,580,000	9,325,000
Airports System Revenue Bonds, Refunding Series of 1983	Various	July 1, 1984/2008	94,870,000	93,080,000	91,240,000
Airports System Revenue Bonds, Series of 1983	Various	July 1, 1985/2013	49,815,000	49,610,000	49,385,000
Airports System Revenue Bonds, Series of 1984	Various	July 1, 1985/2004	65,000,000	64,750,000	64,460,000
Airports System Revenue Bonds, Series of 1986	Various	July 1, 1989/2004	35,000,000	35,000,000	35,000,000
Airports System Revenue Bonds, Series of 1987	Various	July 1, 1987/2004	-	-	85,000,000
Hawaii Housing Authority, Low Income Housing Bonds	Various	August 1, 1991/2009	32,939,000	31,575,000	30,192,000
Hawaii Housing Authority, Series A of 1980	Various	July 1, 1980/2010	87,980,000	75,130,000	62,995,000
Hawaii Housing Authority, Series B of 1980	Various	December 31, 1980/2010	44,855,000	37,325,000	32,200,000
Hawaii Housing Authority, Series A of 1981	Various	July 1, 1983/1998	11,345,000	7,835,000	4,535,000
Hawaii Housing Authority, Series A of 1982	Various	July 1, 1983/2001	14,715,000	3,610,000	290,000
Hawaii Housing Authority, Series A of 1983	Various	July 1, 1984/2013	49,205,000	43,285,000	38,230,000
Hawaii Housing Authority, Series B of 1983	Various	July 1, 1985/2014	29,805,000	26,990,000	23,355,000
Hawaii Housing Authority, Series C of 1983	Various	July 1, 1985/2013	60,505,000	48,375,000	43,615,000
Hawaii Housing Authority, Series A of 1984	Various	July 1, 1985/2016	60,000,000	19,790,000	13,880,000
Hawaii Housing Authority, Series A of 1985	Various	July 1, 1988/2016	30,000,000	19,540,000	18,325,000
Hawaii Housing Authority, Series A of 1986	Various	July 1, 1991/2017	40,300,000	40,300,000	40,300,000
Hawaii Housing Authority, Series B of 1986	Various	July 1, 1989/2016	-	52,425,000	52,415,000
Multi-Family Housing Revenue Bonds	Various	December 1, 1986/1996	35,800,000	35,788,793	35,767,943
Rental Housing System Revenue Bonds, Series A of 1987	Various	July 1, 1990/2018	-	-	14,950,000
TOTAL BONDED INDEBTEDNESS, REVENUE BONDS (EXCLUDING UNAMORTIZED BOND DISCOUNT)			$ 1,011,684,000	$ 959,459,793	$ 993,840,943

STATE OF HAWAII

SCHEDULE K-10

SCHEDULE OF MATURED REVENUE BONDS OUTSTANDING
LAST THREE FISCAL YEARS

	Matured Bonds Outstanding Beginning Of Year	Maturities	Redemptions	Matured Bonds Outstanding End Of Year
Fiscal year ended June 30, 1986:				
Harbors	$ 1,345,680	$ 1,835,000	$ 1,279,000	$ 1,901,680
Highways	10,842	-	-	10,842
Airports	14,933	7,555,000	7,491,244	78,689
Airports - Special Facility	15,000	220,000	150,000	85,000
University	-	237,000	237,000	-
Housing	-	51,200,000	51,200,000	-
TOTAL	$ 1,386,455	$ 61,047,000	$ 60,357,244	$ 2,076,211
Fiscal year ended June 30, 1987:				
Harbors	1,901,680	1,930,000	3,810,301	21,379
Highways	10,842	-	-	10,842
Airports	78,689	16,830,000	15,783,887	1,124,802
Airports - Special Facility	85,000	230,000	220,000	95,000
University	-	254,000	254,000	-
Housing	-	107,905,207	107,905,207	-
TOTAL	$ 2,076,211	$ 127,149,207	$ 127,973,395	$ 1,252,023
Fiscal year ended June 30, 1988:				
Harbors	21,379	2,040,000	2,040,000	21,379
Highways	10,842	-	-	10,842
Airports	1,124,802	17,155,000	17,257,450	1,022,352
Airports - Special Facility	95,000	255,000	350,000	-
University	-	270,000	270,000	-
Housing	-	45,848,850	45,848,850	-
TOTAL	$ 1,252,023	$ 65,568,850	$ 65,766,300	$ 1,054,573

STATE OF HAWAII

SCHEDULE K-11

CERTIFICATE OF LEGAL DEBT LIMIT

JUNE 30, 1988

Section 13, Article VII of the State Constitution, as amended by the Constitutional Convention of 1978, states that general obligation bonds may be issued by the State, provided that at the time the bonds are issued, the issuance will not cause the highest total amount of principal and interest payable in the current or any future year on the issuance and on all outstanding general obligation bonds to exceed eighteen and one-half percent of the average of the General Fund revenues of the State in the three fiscal years immediately preceding the issuance. The general obligation bonds subject to this limitation exclude reimbursable and certain other specified bonds.

To the right is the State Director of Finance's Certification dated December 6, 1988, reflecting the calculations evidencing compliance with the constitutional debt limit for the two bond issues dated December 6, 1988, for $65,000,000 and $45,000,000.

CERTIFICATE AS TO DEBT LIMIT

I, the undersigned, YUKIO TAKEMOTO, being the duly appointed and acting Director of Finance of the State of Hawaii, do hereby certify with respect to $45,000,954.43 General Obligation Bonds of 1988, Series BL of the State of Hawaii (the "Series BL Bonds"), as follows: (i) the general fund revenues of the State of Hawaii in the fiscal year ended June 30, 1986 were $1,569,777,922, the general fund revenues of the State of Hawaii in the fiscal year ended June 30, 1987 were $1,759,104,963 and the general fund revenues of the State of Hawaii in the fiscal year ended June 30, 1988 were $2,139,842,313 and therefore the average of general fund revenues of the State of Hawaii in the fiscal years ended June 30, 1986, 1987 and 1988 were $1,821,575,066; (ii) eighteen and one-half percent (18-1/2%) of such average is $336,991,387; (iii) the Exhibit attached hereto truly and correctly set forth (A) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2012 on all general obligation bonds of the State of Hawaii outstanding as of October 1, 1988, (B) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2009 on the Series BL Bonds, assuming that such Bonds mature in principal installments as provided therein, that such Bonds are issued in the maximum principal amount as provided therein, and that all such Bonds bear interest at the rates per annum provided therein and the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2009 on all of the State's $45,000,000 principal amount General Obligation Bonds of 1988, Series BM proposed to be issued on or about the same date as the Bonds, assuming such Series BM Bonds mature in equal principal installments on December 1 in each of the years from 1991 to 2008, inclusive, that such Series BM Bonds are issued in the principal amount of $45,000,000 and that such Series BM Bonds bear interest at an assumed rate of twelve per centum (12%) per annum; (C) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2012 on general obligation bonds (other than the Series BL Bonds and Series BM Bonds, except as noted) which may be excluded under Section 13, Article VII of the 1978 Constitution in determining the power of the State to issue general obligation bonds, and (D) the total amount of principal and interest pro forma payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2012 on all outstanding general obligation bonds and the Series BL Bonds and the Series BM Bonds; (iv) as indicated by the Exhibit on the reverse hereof, the greatest total amount of principal and interest payable in any fiscal year on all general obligation bonds of the State of Hawaii outstanding as of October 1, 1988 and on the Series BL Bonds and the Series BM Bonds occurs in the fiscal year ending June 30, 1990 in the amount of $226,675,961; (v) such amount does not exceed eighteen and one-half percent (18-1/2%) of the average general fund revenues of the State in the fiscal years ended June 30, 1986, 1987 and 1988; (vi) as of the date hereof, the State of Hawaii has not incurred any general obligation indebtedness as guarantor of a contingent liability and has not issued any general obligation bonds since October 1, 1988 except for the Series BL Bonds and the Series BM Bonds being delivered to the purchasers thereof on the date hereof.

Done and delivered at New York, New York, this 6th day of December, 1988.

YUKIO TAKEMOTO
Director of Finance of the
State of Hawaii

CERTIFICATE AS TO DEBT LIMIT

I, the undersigned, YUKIO TAKEMOTO, being the duly appointed and acting Director of Finance of the State of Hawaii, do hereby certify with respect to $49,000,000 General Obligation Bonds of 1988, Series BM of the State of Hawaii (the "Series BM Bonds"), as follows: (i) the general fund revenues of the State of Hawaii in the fiscal year ended June 30, 1986 were $1,569,777,922, the general fund revenues of the State of Hawaii in the fiscal year ended June 30, 1987 were $1,759,104,963 and the general fund revenues of the State of Hawaii in the fiscal year ended June 30, 1988 were $2,139,842,313 and therefore the average of general fund revenues of the State of Hawaii in the fiscal years ended June 30, 1986, 1987 and 1988 were $1,821,575,066; (ii) eighteen and one-half percent (18-1/2%) of such average is $336,991,387; (iii) the Exhibit attached hereto truly and correctly set forth (A) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2012 on all general obligation bonds of the State of Hawaii outstanding as of October 1, 1988, (B) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2009 on the Series BM Bonds, assuming that such Bonds mature in principal installments as provided therein, that such Bonds are issued in the principal amount of $49,000,000, and that all such Bonds bear interest at an assumed rate of twelve per centum (12%) per annum and the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2009 on all of the State's $45,000,954.43 principal amount General Obligation Bonds of 1988, Series BL proposed to be issued on or about the same date as the Bonds, assuming such Series BL Bonds mature in principal installments as provided therein on December 1 in each of the years from 1993 to 2008, inclusive, that such Series BL Bonds are issued in the principal amount of $45,000,954.43 and that such Series BL Bonds bear interest at the rates per annum provided therein; (C) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2012 on general obligation bonds (other than the Series BL Bonds and Series BM Bonds, except as noted) which may be excluded under Section 13, Article VII of the 1978 Constitution in determining the power of the State to issue general obligation bonds, and (D) the total amount of principal and interest pro forma payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2012 on all outstanding general obligation bonds and the Series BM Bonds and the Series BL Bonds; (iv) as indicated by the Exhibit on the reverse hereof, the greatest total amount of principal and interest payable in any fiscal year on all general obligation bonds of the State of Hawaii outstanding as of October 1, 1988 and on the Series BL Bonds and the Series BM Bonds occurs in the fiscal year ending June 30, 1990 in the amount of $226,675,961; (v) such amount does not exceed eighteen and one-half percent (18-1/2%) of the average general fund revenues of the State in the fiscal years ended June 30, 1986, 1987 and 1988; (vi) as of the date hereof, the State of Hawaii has not incurred any general obligation indebtedness as guarantor of a contingent liability and has not issued any general obligation bonds since October 1, 1988 except for the Series BL Bonds and the Series BM Bonds being delivered to the purchasers thereof on the date hereof.

Done and delivered at New York, New York, this 6th day of December, 1988.

YUKIO TAKEMOTO
Director of Finance of the
State of Hawaii

EXHIBIT

Fiscal year ending June 30	Total amount of principal and interest payable on all general obligation bonds outstanding as of Oct. 1, 1988	Total amount of principal and interest payable on the Series BL Bonds*	Total amount of principal and interest payable on the Series BM Bonds**	Principal and interest excludable under Sec. 13, Art. VII Hawaii Constitution ***	Total amount of principal and interest pro forma payable on all outstanding general obligation bonds and the Series BL and Series BM Bonds****
1989	179,427,021		2,700,000	21,267,677	160,859,344
1990	253,679,898		5,400,000	32,403,937	226,675,961
1991	251,226,115		5,400,000	31,983,464	224,642,651
1992	239,114,560		5,400,000	30,366,460	214,148,100
1993	224,057,505		5,400,000	27,990,541	201,466,964
1994	205,131,279	5,605,000	13,860,000	25,376,711	199,219,568
1995	190,894,175	6,025,000	12,780,000	24,082,928	185,616,247
1996	178,885,040	6,470,000	11,700,000	22,275,542	174,779,498
1997	156,225,313	6,980,000	10,620,000	17,615,571	156,209,742
1998	141,242,006	7,520,000	9,540,000	16,296,949	142,005,057
1999	122,422,228	8,145,000		15,194,407	115,372,821
2000	112,356,808	8,815,000		13,582,303	107,589,505
2001	98,433,180	9,580,000		11,518,689	96,494,491
2002	93,195,778	10,405,000		10,997,428	92,603,350
2003	74,163,666	11,355,000		8,619,587	76,899,079
2004	70,106,388	12,380,000		8,260,434	74,225,954
2005	37,953,445	13,460,000		5,283,222	46,130,223
2006	31,581,780	14,605,000		4,818,973	41,367,807
2007	21,547,125	15,770,000		4,280,185	33,036,940
2008	11,579,063	16,985,000		3,321,794	25,242,269
2009	1,874,100	18,335,000		1,843,747	18,365,353
2010	1,879,900			1,849,453	30,447
2011	1,889,550			1,858,947	30,603
2012	947,600			932,253	15,347

EXHIBIT (CONTINUED) 2

* Based on principal installments and interest rates as set forth in detail in the Certificate of the Director of Finance of the State of Hawaii Providing for the Issuance of $65,000,954.43 Principal Amount of State of Hawaii General Obligation Bonds of 1988, Series BL, dated as of November 15, 1988

** Based on the assumption that the proposed Series BM Bonds bear interest at 12 per cent per annum.

*** No principal and interest is excluded for instruments of indebtedness under which the State of Hawaii incurs a contingent liability as a guarantor. Section 13 of Article VII, of the Constitution permits the exclusion of such instruments of indebtedness to the extent the principal amount of such instruments of indebtedness do not exceed seven percent of the principal amount of outstanding general obligation bonds not otherwise excluded and provided that the State of Hawaii establishes and maintains a reserve an amount in reasonable proportion to the outstanding loans guaranteed by the State as provided by law. As of October 1, 1988 our records indicate that the amount of general obligation bonds not otherwise excludable under said section 13 is $1,492,052,331 Seven percent of such amount is $104,443,663. As of October 1, 1988 the maximum principal amount of instruments of indebtedness under which the State of Hawaii may incur a contingent liability as a guarantor is $52,000,000.

**** Pro forma assumes that the total amount of principal and interest on the Series BL Bonds and the proposed Series BM Bonds is as set forth in columns 2 and 3 and that no exclusions under Section 13 of Article VII, of the Constitution will apply to the Series BL and the proposed Series BM Bonds, except for interest due on said bonds during the current fiscal year. In fact a portion of the proceeds of the proposed bonds is expected to be applied to purposes which will permit exclusion under said Section 13.

STATE OF HAWAII

SCHEDULE K-12

SCHEDULE OF DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population(1)	Per Capita Income(2)	School Enrollment(3)	Unemployment Rate(4)
1988	1,100,000	$ 15,985(5)	202,419	3.20%(5)
1987	1,078,000	15,366	201,188	3.80
1986	1,071,000	14,886	200,952	4.80
1985	1,056,000	13,814	200,869	5.60
1984	1,039,000	13,199	200,240	5.60
1983	1,023,000	12,616	200,129	6.50
1982	997,000	11,799	200,844	6.70
1981	981,000	11,287	202,972	5.40
1980	969,000	10,648	205,580	4.90
1979	950,000	9,518	206,812	6.30

(1) Source: Hawaii State Department of Business and Economic Development.

(2) Source: U. S. Department of Commerce, Bureau of Economic Analysis, printouts dated April 1988.

(3) Source: Hawaii State Department of Education records. Data represents September enrollment for both public and private schools.

(4) Source: Hawaii State Department of Labor and Industrial Relations, Labor Force Data Book (March 1978), as revised annually through April 1988.

(5) Estimated.

STATE OF HAWAII

SCHEDULE OF BANK DEPOSITS
LAST TEN CALENDAR YEARS

(In Millions)

Calendar Year	Bank Deposits
1988	NA
1987	$ 9,972
1986	9,072
1985	8,057
1984	7,184
1983	6,584
1982	6,020
1981	5,433
1980	4,792
1979	4,363

Source: Hawaii State Department of Commerce and Consumer Affairs, Division of Financial Institutions, Comparative Statements of Condition as of December 31. Data for the period 1985 - 1987 include State-chartered institutions only.

NA Not available.

SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE OF THE EMPLOYEES RETIREMENT SYSTEM OF THE STATE OF HAWAII LAST TEN FISCAL YEARS

Fiscal Year	Revenues By Source			
	Employee Contributions	Employer Contributions	Investment Income	Total
1987	$ 53,763,132	$ 153,717,933	$ 436,454,569	$ 643,935,634
1986	53,833,131	174,310,671	325,913,974	554,057,776
1985	69,164,670	178,645,429	224,145,762	471,955,861
1984	80,434,643	153,512,852	206,102,490	440,049,985
1983	79,621,786	151,968,527	178,791,155	410,381,468
1982	72,051,882	104,248,844	135,603,005	311,903,731
1981	66,097,538	94,993,301	131,512,580	292,603,419
1980	59,869,422	82,750,277	111,384,607	254,004,306
1979	56,475,000	77,369,000	82,975,000	216,819,000
1978	54,618,000	79,880,000	58,688,000	193,186,000

Fiscal Year	Expenses By Type			
	Benefits	Administrative Expenses	Refunds	Total
1987	$ 158,315,666	$ 1,985,071	$ 48,030,521	$ 208,331,258
1986	140,415,727	1,519,706	35,282,703	177,218,136
1985	128,170,856	2,292,754	257,585,352(1)	388,048,962
1984	112,886,234	1,250,891	29,377,213	143,514,338
1983	103,231,098	1,393,811	29,008,085	133,632,994
1982	92,164,426	1,309,696	25,193,919	118,668,041
1981	85,751,734	1,095,322	22,795,703	109,642,759
1980	71,062,243	842,175	18,831,221	90,735,639
1979	64,889,000	824,000	16,258,000	81,971,000
1978	57,402,000	775,000	13,446,000	71,623,000

Contributions were made in accordance with actuarially determined contribution requirements.

(1) In the fiscal year 1985, refunds under the non-contributory plan described amounted to $220,266,863.

STATE OF HAWAII

EXHIBIT K-15

SCHEDULE OF MISCELLANEOUS STATISTICS
JUNE 30, 1988

Date of statehood	1959
Form of government	Legislative-Executive-Judicial
Number of State employees**	49,900
Area in square miles	6,400
Miles of streets and highways	4,040
Recreation and culture:	
Number of parks and historic sites**	76
Total acreage**	24,909
Number of libraries**	49
Public safety:	
Number of firefighters*	1,521
Number of police officers*	2,153
Sewage (millions of gallons)**	49,542
Water system:	
Number of services**	197,188
Consumption (millions of gallons)**	63,186
Education:	
Number of schools**	369
Number of teachers**	11,168
Hospitals:	
Number of hospitals	51
Number of beds	6,671

*Represents 1986 data.
**Represents 1987 data.

Source: The State of Hawaii Data Book.